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**PUBLIC**

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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| QMB APPROVAL   |                |
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

|                 |
|-----------------|
| SEC FILE NUMBER |
| 8-48557         |

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING JANUARY 1, 2012 AND ENDING DECEMBER 31, 2012  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

**1ST DISCOUNT BROKERAGE, INC.**

NAME OF BROKER DEALER:

|                   |
|-------------------|
| OFFICIAL USE ONLY |
| FIRM ID. NO.      |

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

**420 SOUTH STATE ROAD 7, SUITE 114**

(No. and Street)

**WELLINGTON**

(City)

**FLORIDA**

(State)

**33414**

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

**AILEEN GALLAGHER**

**561-515-3220**

(Area Code - Telephone No.)

**B. ACCOUNTANT DESIGNATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**OHAB AND COMPANY, PA**

(Name - if individual, state last, first, middle name)

**100 E. SYBELIA AVENUE, SUITE 130, MAITLAND**

(Address and City)

**FLORIDA**

(State)

SECURITIES AND EXCHANGE COMMISSION  
RECEIVED  
(Zip Code)

FEB 22 2013

REGISTRATIONS BRANCH

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its Possessions

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual audit be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

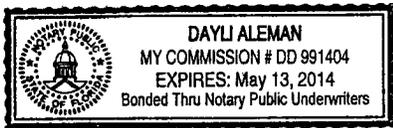
SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, AILEEN GALLAGHER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm or 1<sup>ST</sup> DISCOUNT BROKERAGE, INC., as of December 31, 2012 are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



*[Handwritten Signature]*  
Public Notary

*[Handwritten Signature: Aileen Gallagher]*  
Signature  
**SECRETARY**  
Title

This report\*\* contains (check all applicable boxes);

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements under Exhibit A of Rule 15c3-1.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\* For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**1ST DISCOUNT BROKERAGE, INC.**  
**(A WHOLLY-OWNED SUBSIDIARY OF 1 DB FINANCIAL, INC.)**  
**STATEMENT OF FINANCIAL CONDITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**Assets**

|   |                            |
|---|----------------------------|
| Cash and cash equivalents                               | \$ 771,347                 |
| Clearing deposits with clearing brokers                 | 500,050                    |
| Due from clearing brokers                               | 372,410                    |
| Accounts receivable                                     | 24,093                     |
| Rebate receivable                                       | 4,996                      |
| Note receivable   | 6,914                      |
| Prepaid expenses and other current assets               | 63,835                     |
| Securities purchased, not yet sold                      | 19,464                     |
| Property and equipment, net of depreciation of \$59,520 | 30,958                     |
| Other non-current assets                                | 13,348                     |
| Due from related parties                                | <u>787,054</u>             |
|   | <u><u>\$ 2,594,469</u></u> |

**Liabilities and Stockholder's Equity**

Liabilities:

|                     |                |
|---------------------|----------------|
| Commissions payable | 194,297        |
| Accounts payable    | 115,069        |
| Accrued expenses    | <u>52,214</u>  |
| Total liabilities   | <u>361,580</u> |

Stockholder's equity:

|   |                            |
|---|----------------------------|
| Common stock, no par value, 100,000 shares authorized,<br>1,250 shares issued and outstanding | 1,322,496                  |
| Retained earnings   | <u>910,393</u>             |
| Total stockholder's equity  | <u>2,232,889</u>           |
|   | <u><u>\$ 2,594,469</u></u> |

*The accompanying notes are an integral part of these financial statements.*