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SECURITIES AND EXCHANGE COMMISSION

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MAR -4 2013

DIVISION OF TRADING & MARKETS

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

SEC FILE NUMBER
8- 47372

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 1/1/12 AND ENDING 12/31/12  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Source Capital Group LLC

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

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

(City)

(State)

(Zip Code)

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

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Dworken, Hillman, Kamate & Straczala PC

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

(Address)

(City)

(State)

(Zip Code)

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 report 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)

Straczala



DWORKEN, HILLMAN, LAMORTE & STERCZALA, P.C.  
*Certified Public Accountants / Business Consultants*

JENNIFER S. BULL, CPA  
 JAMES G. COSGROVE, CPA  
 WALTER R. FULTON, CPA  
 MICHAEL F. GANINO, CPA  
 ERIC N. HENDLIN, CPA  
 WILLIAM C. LESKO, CPA  
 ALBERTO C. MARTINS, CPA  
 PAUL M. STERCZALA, CPA  
 JOSEPH A. VERRILLI, CPA

X / A

SEC  
 Independent Accountants' Report on Applying Agreed-Upon  
 Procedures Related to an Entity's Amended SIPC Assessment Reconciliation

MAR 04 2013

Washington DC  
 401

Shareholder  
 Source Capital Group, Inc.  
 Westport, Connecticut

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [General Assessment Reconciliation (Form SIPC-7), as amended,] to the Securities Investor Protection Corporation (SIPC) for the Year Ended December 31, 2012, which were agreed to by Source Capital Group, Inc., the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Source Capital Group, Inc.'s compliance with applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7). Source Capital Group, Inc.'s management is responsible for Source Capital Group, Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose of which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Obtained amended Form SIPC-7 dated March 1, 2013. After submission of the original SIPC-7 filing, management was informed by SIPC that total other deductions on line 2c (8) of Form SIPC-7 was reduced. This change resulted in an increase in the general assessment of \$62, which was paid on March 1, 2013 via check number 10747.
2. Compared the listed assessment payments in Form SIPC-7, as amended, with respective cash disbursement records entries [wire transfer for \$14,131 paid July 27, 2012, wire transfer for \$11,661 paid February 21, 2013], noting no differences;
3. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2012, as applicable, with the amounts reported in Form SIPC-7, as amended, for the year ended December 31, 2012, noting no differences;
4. Compared any adjustments reported in Form SIPC-7, as amended, with supporting schedules and working papers, noting no differences;



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 A world-wide organization of accounting firms and business advisers

5. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7, as amended, and in the related schedules and working papers [Focus filings and general ledger] supporting the adjustments, noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

March 1, 2013

*Drwaker, Hillman, LaMonte & Sturzbecher, P.C.*

**SIPC-7**

(33-REV 7/10)

**SECURITIES INVESTOR PROTECTION CORPORATION**  
P.O. Box 92185 Washington, D.C. 20090-2185  
202-371-8300

**General Assessment Reconciliation**

**SIPC-7**

(33-REV 7/10)

For the fiscal year ended 12/31/2012

(Read carefully the instructions in your Working Copy before completing this Form)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-6:

047372 FINRA DEC  
SOURCE CAPITAL GROUP INC 12'12  
276 POST RD W  
WESTPORT CT 06880-4703

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

Russell W. Newton  
203 341-3500

2. A. General Assessment (Item 2e from page 2) \$ 25,854
- B. Less payment made with SIPC-6 filed (exclude interest) ( 14,131 )  
7/27/12  
Date Paid
- C. Less prior overpayment applied ( — )
- D. Assessment balance due or (overpayment) 11,723
- E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum —
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 11,723
- G. PAID WITH THIS FORM:  
Check enclosed, payable to SIPC  
Total (must be same as F above) \$ 11,723
- H. Overpayment carried forward \$( — )

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Source Capital Group, Inc.  
(Name of Corporation, Partnership or other organization)  
[Signature]  
(Authorized Signatory)  
CFO  
(Title)

Dated the 1<sup>st</sup> day of March, 2013.

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 5 years, the latest 2 years in an easily accessible place.

**SIPC REVIEWER** Dates: Postmarked Received Reviewed

Calculations \_\_\_\_\_ Documentation \_\_\_\_\_ Forward Copy \_\_\_\_\_

Exceptions:

Disposition of exceptions:

**DETERMINATION OF "SIPC NET OPERATING REVENUES"  
AND GENERAL ASSESSMENT**

Amounts for the fiscal period  
beginning 1/1/2012  
and ending 12/31/2012

Item No.

Eliminate cents

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

\$ 11,754,326

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining Item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ 0

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 18(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business. (See instruction C):

\_\_\_\_\_ 1,042,162  
\_\_\_\_\_  
\_\_\_\_\_ 191,698  
\_\_\_\_\_  
\_\_\_\_\_ 14,761  
\_\_\_\_\_ 820  
\_\_\_\_\_  
\_\_\_\_\_ 127,339

(Deductions in excess of \$100,000 require documentation)

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 19, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ 5,611

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ 36,054

Enter the greater of line (i) or (ii)

Total deductions

\_\_\_\_\_ 36,054  
\_\_\_\_\_ 1,412,834  
\_\_\_\_\_ 10,341,492  
\_\_\_\_\_ 25,854

2d. SIPC Net Operating Revenues

2e. General Assessment @ .0025

(to page 1, line 2.A.)