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SECURITIES AND EXCHANGE COMMISSION
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

| OMB APPROVAL | |
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**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 01/01/2012 AND ENDING 12/31/2012
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: HOLD BROTHERS CAPITAL, LLC

| OFFICIAL USE ONLY |
|-------------------|
| FIRM I.D. NO. |

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

1177 6TH AVENUE, 2ND FLOOR

(No. and Street)

NEW YORK

NY

10036

(City)

(State)

(Zip Code)

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

ROBERT PETERS

(646) 745-2135

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

MOREY, NEE, BUCK & OSWALD, LLC

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

2571 BAGLYOS CIRCLE, SUITE B20 BETHLEHEM, PA 18020

(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)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, ROBERT PETERS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HOLD BROTHERS CAPITAL, LLC, as of DECEMBER 31, 20 12, 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:

ARKADIY GOLYANOV
Notary Public State of New Jersey
No. 2384213
Qualified in Middlesex County
Commission Expires April 3, 2014

[Handwritten Signature]

Signature

CHIEF FINANCIAL OFFICER

Title

[Handwritten Signature] 2/27/13
Notary Public

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 cash flows.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' 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 15c3-3.
(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.
(o) Independent auditors report on internal accounting control.

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

HOLD BROTHERS CAPITAL, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2012

HOLD BROTHERS CAPITAL, LLC

Contents

Financial Statements

Page

Independent auditors' report

1

Statement of financial condition as of December 31, 2012

2

Notes to Financial Statements

3 – 7

Morey, Nee, Buck & Oswald, LLC

Certified Public Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

To the Members
Hold Brothers Capital, LLC:

Report on the Financial Statements

We have audited the accompanying statement of financial condition of Hold Brothers Capital, LLC (the Company) as of December 31, 2012 that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements are free from material misstatement, whether due to fraud or error..

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hold Brothers Capital, LLC as of December 31, 2012 in accordance with accounting principles generally accepted in the United States of America.

Morey, Nee, Buck & Oswald, LLC

Morey, Nee, Buck & Oswald, LLC
Bethlehem, PA 18020
February 25, 2013

**HOLD BROTHERS CAPITAL, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2012**

ASSETS

| | |
|---|--------------|
| Cash and cash equivalents | \$ 867,822 |
| Deposits with clearing organizations | 2,519,000 |
| Receivable from broker-dealers and clearing organizations | 661,416 |
| Receivable from related parties | 17,519 |
| Other assets | <u>1,052</u> |

TOTAL ASSETS \$ 4,066,809

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES

| | |
|---------------------------------------|----------------|
| Securities sold not yet purchased | \$ 781 |
| Payable to related parties | 854,088 |
| Accounts payable and accrued expenses | <u>271,915</u> |

TOTAL LIABILITIES 1,126,784

MEMBERS' EQUITY

| | |
|-----------------------------------|------------------|
| Class A voting, members' units | 479,195 |
| Class B nonvoting, members' units | <u>2,460,830</u> |

2,940,025

TOTAL LIABILITIES AND MEMBERS' EQUITY \$ 4,066,809

See notes to financials

HOLD BROTHERS CAPITAL, LLC
Notes to Financial Statements
December 31, 2012

NOTE A – ORGANIZATION

Nature of business

Hold Brothers Capital, LLC (the “Company”) was organized in 2009 in the State of New Jersey as a limited liability company. The Company is a registered broker-dealer with the Securities and Exchange Commission (the “SEC”) and is a member of the Chicago Board Options Exchange (the “CBOE”).

The Company engages in the trading of equity securities. The Company provides these services through its home office in New York City, New York.

Starting May 2012 the company became self-clearing and has a direct clearing relationship with National Securities Clearing Corporation (the “NSCC”)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents:

Cash and cash equivalents include cash and money market accounts.

Securities transactions:

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a trade date basis.

Financial instruments are recorded at fair value in accordance with FASB ASC 820.

Income taxes:

The Company is organized as a limited liability company and is taxed as a partnership for income tax purposes. Accordingly, the Company is not subject to federal and state income taxes and makes no provision for income taxes in its financial statements. The Company’s taxable income or loss is reportable by its members.

The Company has determined that there are no material uncertain tax positions that require recognition or disclosure in its financial statements.

Taxable years ended December 31, 2009, 2010, 2011 and 2012 are subject to IRS and other jurisdictions tax examinations.

HOLD BROTHERS CAPITAL, LLC
Notes to Financial Statements
December 31, 2012

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Date of management's review:

Management has evaluated events through February 25, 2013, the date on which the financial statements were available to be issued.

NOTE C – RECEIVABLE FROM BROKER-DEALERS AND CLEARING ORGANIZATIONS

Amounts receivable from broker-dealers and clearing organizations at December 31, 2012, consist of the following:

| | Receivable |
|--|------------|
| Receivable from clearing organizations | \$ 661,416 |

NOTE D – FAIR VALUE

Fair Value Measurement

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

HOLD BROTHERS CAPITAL, LLC
Notes to Financial Statements
December 31, 2012

NOTE D – FAIR VALUE (continued)

- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)

The following tables present the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2012.

| Fair Value Measurements on a Recurring Basis As of December 31, 2012 | | | | | |
|---|---------|---------|---------|------------------------|-------|
| | Level 1 | Level 2 | Level 3 | Netting and Collateral | Total |
| LIABILITIES | | | | | |
| Securities sold, not yet purchased: | | | | | |
| Equities | \$781 | \$- | \$- | \$- | \$781 |

NOTE E – RELATED PARTY TRANSACTIONS

Related party transactions in 2012 were as follows:

At various points during the year, Tafferer Trading, LLC (formerly, Hold Brothers On-Line Investment Services, LLC,) a related company, advanced a total of \$3,059,000 for temporary funding to the Company. Included in payable to related parties is \$38,535 related to these transactions.

Gregory Hold, a Class A Member and the Chief Executive Officer of the Company, loaned \$951,000 to the Company in 2012. Subsequently, the Company returned \$300,000 to him, issued a Class B Membership to him for \$351,000 and allocated \$300,000 to purchase the subscriptions receivable due to the Company from certain Class B Members.

Also included in payable to related parties at December 31, 2012 is \$815,327 payable to certain Class B members.

NOTE F – MEMBERS' EQUITY

The Class A member units are voting.

The Class B members' units are nonvoting. Each Class B member is allocated the net income or loss from certain trading activities.

HOLD BROTHERS CAPITAL, LLC
Notes to Financial Statements
December 31, 2012

NOTE G – MARKET AND CREDIT RISK

The Company enters into various transactions to conduct trading activities, and manage market risks and are, therefore, subject to varying degrees of market and credit risk.

The Company enters into various transactions involving derivatives and other off-balance sheet financial instruments. Exchange-traded options are used to conduct trading activities, and manage market risks and are, therefore, subject to varying degrees of market and credit risk. Derivative transactions are entered into for trading purposes or to economically hedge other positions or transactions.

At December 31, 2012, cash and cash equivalents were held on deposit at diversified U.S. financial institutions.

NOTE H – NET CAPITAL REQUIREMENTS

The Company is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1) under the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital, as defined and requires that the ratio of aggregate indebtedness, as defined, to net capital, shall not exceed 15 to 1.

At December 31, 2012, the Company had net capital of \$2,921,365, which was \$2,821,365 in excess of its required net capital of \$100,000. The Company ratio of aggregate indebtedness to net capital was .39 to 1.

Capital withdrawals are subject to certain notification and other provisions of the net capital rules of the SEC.

NOTE I – COMMITMENTS AND CONTINGENCIES

In the normal course of business, from time to time, the Company is subject to proceedings and investigations by self-regulatory organizations. While the outcome of such matters cannot be predicted with certainty, in the opinion of management of the Company, after consultation with counsel handling such matters, these actions will be resolved with no material adverse effect on the Company's financial statements, taken as a whole.

NOTE J – GUARANTEES

Indemnifications

In the normal course of its business, the Company indemnifies and guarantees certain service providers, such as clearing and custody agents, trustees and administrators, against specified potential losses in connection with their acting as an agent of, or providing services to, the Company. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

HOLD BROTHERS CAPITAL, LLC
Notes to Financial Statements
December 31, 2012

NOTE K – SUBSEQUENT EVENTS

In January 2013, Tafferer Trading, LLC, a related company, transferred its deposit at the DTCC to the Company. The Company subsequently repaid part of that amount to Tafferer leaving a balance of \$300,000 due to Tafferer.

Also in January 2013, Hold Software.com, Inc., a related company, loaned \$840,000 to the Company. Subsequently, \$765,000 of this loan was used to fund a purchase by Hold Software.com, Inc. of a Class B Membership.

In January 2013, Demonstrate, LLC and Skeffington Asset Management, Inc., both related companies, advanced \$635,000 and \$278,400 respectively to the Company. The Company has subsequently returned \$503,400 to Demonstrate, LLC leaving \$131,600 due to Demonstrate, LLC.

Morey, Nee, Buck & Oswald, LLC

Certified Public Accountants and Advisors

To the Members of Hold Brothers Capital, LLC
1177 6th Avenue, 2nd Floor
New York, NY 10036

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)] to the Securities Investor Protections Corporation (SIPC) for the year ended December 31, 2012, which were agreed to by Hold Brothers Capital, LLC and the Securities and Exchange Commission, SIPC, and Chicago Board of Exchange, solely to assist you and the other specified parties in evaluating Hold Brothers Capital, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Hold Brothers Capital, LLC's management is responsible for the Hold Brothers Capital, LLC'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 for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, copies of canceled checks and cash disbursement journal, noting no differences;
2. 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 for the year ended December 31, 2012, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, quarterly FOCUS reports and general ledger detail of noted accounts, noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers (client prepared schedule and related general ledger detail) 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.

Morey, Nee, Buck & Oswald, LLC

Morey, Nee, Buck & Oswald, LLC
Bethlehem, PA 18020
February 25, 2013

**HOLD BROTHERS CAPITAL, LLC
GENERAL ASSESSMENT RECONCILIATION
FOR THE YEAR ENDED DECEMBER 31, 2012**

| | |
|---|------------------|
| GENERAL ASSESSMENT | \$ 13,821 |
| LESS PAYMENT MADE WITH SIPC-6 FILED | <u>543</u> |
| ASSESSMENT BALANCE DUE | <u>\$ 13,278</u> |
| | |
| SIPC NET OPERATING REVENUES | |
| Total revenue | \$ 6,439,799 |
| | |
| DEDUCTIONS | |
| Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions. | <u>911,207</u> |
| TOTAL DEDUCTIONS | <u>911,207</u> |
| SIPC NET OPERATING REVENUES | <u>5,528,592</u> |
| GENERAL ASSESSMENT (@ .0025) | <u>\$ 13,821</u> |