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

SEC FILE NUMBER
8-46802

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 01/01/2012 AND ENDING 12/31/2012
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Investment Distributors, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

2801 Highway 280 South

(No. and Street)

Birmingham

AL

35223

(City)

(State)

(Zip Code)

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

Joseph F. Gilmer, Jr

(205) 268-3456

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PricewaterhouseCoopers

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

1901 Sixth Avenue North, Ste. 1600

Birmingham

AL

35203

(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, Joseph F. Gilmer, Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Investment Distributors Inc., 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:

Signature

Financial and Operations Principal

Title

Notary Public

Notary Public, Alabama, State at Large
My Commission Expires November 29, 2016

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 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.

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

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Investment Distributors, Inc.
(a wholly owned subsidiary of
Protective Life Corporation)
Financial Statements and Supplementary Information
Pursuant to SEC Rule 17a-5
December 31, 2012



Investment Distributors, Inc.

**(a wholly owned subsidiary of
Protective Life Corporation)**

Financial Statements and Supplementary Information

Pursuant to SEC Rule 17a-5

December 31, 2012

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(a wholly owned subsidiary of Protective Life Corporation)
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December 31, 2012

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Independent Auditor's Report

To the Board of Directors and Stockholder of
Investment Distributors, Inc.

We have audited the accompanying financial statements of Investment Distributors, Inc. (the "Company"), a wholly owned subsidiary of Protective Life Corporation, which comprise the statement of financial condition as of December 31, 2012, and the related statements of comprehensive income, of changes in shareholder's equity, and of cash flows for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 from 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 our 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, we consider 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 Investment Distributors, Inc. at December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PricewaterhouseCoopers LLP

February 27, 2013

Investment Distributors, Inc.
(a wholly owned subsidiary of Protective Life Corporation)
Statement of Financial Condition
December 31, 2012

Assets	
Cash and cash equivalents	\$ 3,497,915
Commissions receivable	3,120,267
State income tax receivable	52,249
Receivable from agents	2,042,745
Other receivables	<u>277,661</u>
Total assets	<u>\$ 8,990,837</u>
Liabilities and Stockholder's Equity	
Liabilities	
Commissions payable	\$ 3,120,267
Due to affiliates	<u>2,515,229</u>
Total liabilities	5,635,496
Stockholder's equity	
Common stock, \$1.00 par value; 25,000 shares authorized, 1,000 shares issued and outstanding	1,000
Additional paid-in capital	1,249,000
Retained earnings	<u>2,105,341</u>
Total stockholder's equity	<u>3,355,341</u>
Total liabilities and stockholder's equity	<u>\$ 8,990,837</u>

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

Investment Distributors, Inc.
(a wholly owned subsidiary of Protective Life Corporation)
Statement of Comprehensive Income
December 31, 2012

Revenues	
Commissions	\$ 161,449,793
Interest income	<u>2,552</u>
Total revenues	<u>161,452,345</u>
Expenses	
Commissions	159,739,614
Other expenses	<u>397,692</u>
Total expenses	<u>160,137,306</u>
Income before provision for income tax expense	1,315,039
Provision for income tax expense	<u>518,830</u>
Net income	<u>796,209</u>
Other Comprehensive Income	0
Total Comprehensive Income	<u>\$ 796,209</u>

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

Investment Distributors, Inc.
(a wholly owned subsidiary of Protective Life Corporation)
Statement of Changes in Stockholder's Equity
December 31, 2012

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-in</u>	<u>Earnings</u>	<u>Stockholder's</u>
			<u>Capital</u>		<u>Equity</u>
Balance at January 1, 2012	1,000	\$ 1,000	\$ 749,000	\$ 1,434,132	\$ 2,184,132
Net income				796,209	796,209
Additional Paid-in Capital			500,000		500,000
Dividends paid, \$500 per share				(125,000)	(125,000)
Balance at December 31, 2012	<u>1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,249,000</u>	<u>\$ 2,105,341</u>	<u>\$ 3,355,341</u>

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

Investment Distributors, Inc.
(a wholly owned subsidiary of Protective Life Corporation)
Statement of Cash Flows
Year Ended December 31, 2012

Cash flows from operating activities	
Net income	\$ 796,209
Adjustments to reconcile net income to net cash provided by operating activities	
Changes in assets and liabilities	
Commissions receivable	(632,411)
State income tax receivable	22,865
Other receivables	(1,568,379)
Commissions payable	632,411
Due to affiliates	<u>1,620,052</u>
Net cash provided by operating activities	<u>870,747</u>
Cash flows from financing activities	
Cash dividends paid	(125,000)
Additional paid-in-capital from affiliate	<u>500,000</u>
Net cash provided by financing activities	<u>375,000</u>
Net increase in cash and cash equivalents	1,245,747
Cash and cash equivalents	
Beginning of year	<u>2,252,167</u>
End of year	<u>\$ 3,497,915</u>
Supplemental disclosure of cash flow information	
Cash from tax benefit, net	<u>\$ 337,069</u>

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

Investment Distributors, Inc.
(a wholly owned subsidiary of Protective Life Corporation)
Notes to financial statements
December 31, 2012

1. General

On August 18, 1993, Investment Distributors, Inc. (the "Company") was incorporated under the laws of the State of Tennessee. The Company is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company is wholly owned by Protective Life Corporation ("PLC") and serves as a best efforts underwriter for registered products issued by Protective Life Insurance Company (a subsidiary of PLC) ("PLICO"), Protective Life and Annuity Insurance Company (a subsidiary of PLICO) ("PLAIC"), and Zurich American Life Insurance Company ("ZALICO"). These products include variable annuities issued by PLICO, PLAIC, and ZALICO, modified guaranteed annuities issued by PLICO and PLAIC, along with variable universal life products issued by PLICO and ZALICO.

2. Significant Accounting Policies

Basis of Presentation

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include interest-bearing demand deposit accounts and are considered highly liquid instruments. The carrying amounts reported in the statement of financial condition for these financial instruments approximate their fair values (as defined by the Accounting Standards Codification ("ASC") Fair Value Measurement and Disclosure Topic) due to their short-term nature. Cash and cash equivalents are classified as Level 1 in accordance with the requirements of the ASC Fair Value Measurement and Disclosure Topic.

Interest Income

Interest income was primarily generated through interest earned on an interest-bearing demand deposit account and was accounted for on the accrual method.

Recognition of Commissions Revenue and Expense

Commission revenue and expense is recognized when the underlying contracts have been issued. The Company recognizes 12b-1 fees, marketing and distribution fee from mutual funds, when earned. The Company recognized \$1,710,179 in 12b-1 fees in 2012.

Other Receivables

Other receivables are comprised primarily of advances to the Company's representatives and accrued commissions receivable, including 12b-1 fees.

Income Taxes

The results of operations of the Company are included in the consolidated federal and state income tax returns of PLC. The Company utilizes the asset and liability method in accordance with the ASC Income Taxes Topic. The Company is included in the consolidated federal income tax return of PLC and its subsidiaries. The method of allocation of current income taxes between the affiliates is subject to a written agreement under which the Company incurs a liability to PLC to the extent that a separate return calculation indicates that the Company has a federal income tax liability. If

Investment Distributors, Inc.
(a wholly owned subsidiary of Protective Life Corporation)
Notes to financial statements
December 31, 2012

the Company has an income tax benefit, the benefit is recorded currently to the extent that it can be carried back against prior years' separate company income tax expense. Any amount not carried back is carried forward on a separate company basis (generally without a time limit), and the tax benefit is reflected in future periods when the Company generates taxable income. Income taxes recoverable (payable) are recorded in the federal income taxes receivable (payable) account and are settled periodically, per the tax sharing agreement. Income tax expense payable is recorded in the due to/from affiliates account and is settled periodically.

Concentration of Credit Risk

The Company maintains depository accounts with certain financial institutions. Although the account balances exceed federally insured depository limits, the Company has evaluated the credit worthiness of these applicable financial institutions and determined the risk of material financial loss due to exposure from credit risk to be minimal.

Accounting Pronouncements Recently Adopted

ASU No. 2011-05 — Comprehensive Income — Presentation of Comprehensive Income.

In this Update, a company has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in 1) a single continuous statement of comprehensive income, or 2) in two separate but consecutive statements. In both choices, a company is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. The Company has implemented the one continuous-statement report format outlined in ASU No. 2011-05 beginning in 2012. The Company does not have any components classified as other comprehensive income. This Update was effective January 1, 2012.

3. Related Parties

As principal underwriter of the registered life and annuity products of affiliated life insurance companies, the Company enters into selling agreements with multiple broker-dealers on a best efforts basis. Each selling firm is paid commissions on products sold and the affiliated life insurance company reimburses the Company for these commissions. PLC coordinates, expedites, and disburses these commissions on behalf of the Company and provides corporate accounting services, general ledger services, and staffing and administrative services to carry out the duties and functions of the Company.

In accordance with an administrative services agreement, the Company receives management and administrative services from PLC, including allocations for various overhead costs. The Company recognized approximately \$155,091 of related expenses in 2012.

Amounts due to/from affiliates, as disclosed on the statement of financial condition, arise from these transactions as well as income taxes payable under the tax allocation agreement with PLC.

The Company earned all of its commissions from affiliated life insurance companies, excluding \$5,357,526 of commissions from ZALICO and \$1,710,179 of 12b-1 fees, during the year ended December 31, 2012.

Dividends of \$125,000 to PLC were paid during the year ended December 31, 2012.

Investment Distributors, Inc.
(a wholly owned subsidiary of Protective Life Corporation)
Notes to financial statements
December 31, 2012

Additional paid-in capital of \$500,000 from PLC was received during the year ended December 31, 2012.

4. Income Taxes

There were no temporary differences at December 31, 2012, and therefore, no resulting deferred tax assets or liabilities.

The income tax expense for the year ended December 31, 2012 was as follows:

Federal	
Current	\$ 428,795
State	
Current	<u>90,035</u>
	<u>\$ 518,830</u>

The actual income tax expense for 2012 differed from the expected tax expense due to state taxes as displayed below. Expected tax expense was computed by multiplying the U.S. federal income tax rate of 35% to income before income tax expense.

Computed expected tax expense	\$ 460,264
Differences between expected and actual tax	
State tax, net of federal benefit	58,523
Non-deductible expenses	43
Total actual tax expense	<u>\$ 518,830</u>

Included in the "Due to Affiliates" on the accompanying financial statements is the current federal income taxes payable of \$428,795 at December 31, 2012.

As of December 31, 2012, the Company evaluated the need for the recognition of uncertain tax liability in accordance with the guidance of ASC 740, "Income Taxes," and determined that none should be recorded or disclosed. The Company's policy is to recognize interest and penalties related to tax contingencies in income tax expense.

In general, the Company is no longer subject to U.S. federal, state and local income tax examinations by taxing authorities for the tax years that began before 2003.

5. Regulatory Requirements

The Company is subject to the SEC's Uniform Net Capital Rule 15c3-1, 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 computed net capital of \$982,686, which was \$606,985 in excess of its minimum required net capital of \$375,701. The Company's computed ratio of aggregate indebtedness to net capital at December 31, 2012 was 5.73 to 1. The Company claims exemption from Rule 15c3-3 under Paragraph (k)(1) as customer transactions are limited to those involving redeemable securities of registered insurance companies and interests in insurance company separate accounts.

Investment Distributors, Inc.
(a wholly owned subsidiary of Protective Life Corporation)
Notes to financial statements
December 31, 2012

6. Commitments and Contingencies

A number of civil jury or arbitration verdicts have been returned against companies in the jurisdictions in which the Company does business, involving sales practices of representatives, alleged misconduct, and other matters. Increasingly, these lawsuits have resulted in the awarding of substantial judgments against these companies that are disproportionate to the actual damages, including material amounts of punitive damages. In some states, juries or arbitrators have substantial discretion in awarding punitive damages which creates the potential for unpredictable, material, adverse judgments in any given punitive damage suit. The Company, like other brokers and dealers, in the ordinary course of business, is from time to time involved in such matters. Although the outcome of any such matter cannot be predicted with certainty, the Company believes that at the present time there are no pending or threatened matters that are reasonably likely to have a material adverse effect on the financial position, results of operations, or liquidity of the Company.

7. Subsequent Events

The Company has evaluated events subsequent to December 31, 2012, and through the financial statement issuance date of February 27, 2013. The Company has not evaluated subsequent events after that date for presentation in these financial statements.

Investment Distributors, Inc.

(a wholly owned subsidiary of Protective Life Corporation)

Computation of Net Capital Pursuant to Rule 15c3-1 of the Securities and Exchange Commission**December 31, 2012****Schedule I****Net Capital**

Total stockholder's equity	\$ 3,355,341
Deductions and/or charges	
Nonallowable receivables	<u>(2,372,655)</u>
Net capital	<u>982,686</u>

Aggregate Indebtedness

Items included in statement of financial condition	
Commissions payable	3,120,267
Due to affiliates	<u>2,515,229</u>
Aggregate Indebtedness	<u>5,635,496</u>

Computation of Basic Net Capital Requirement

Greater of 6-2/3% of aggregate indebtedness or \$5,000	<u>\$ 375,701</u>
Excess net capital (net capital, less net capital requirement)	<u>\$ 606,985</u>
Ratio: Aggregate indebtedness to net capital	<u>5.73 to 1</u>

There were no material differences between the above computation of net capital pursuant to Rule 15c3-1 and that filed with the Company's unaudited December 31, 2012 FOCUS Report.

Investment Distributors, Inc.

(a wholly owned subsidiary of Protective Life Corporation)

**Computation for Determination of Reserve Requirements and
Information Relating to Possession or Control Requirements Under Rule 15c3-3
of the Securities and Exchange Commission**

December 31, 2012

Schedule II

Exemption Under Section (k)(1) has been Claimed

The Company is not required to file the above schedule as it is exempt from the Securities and Exchange Commission Rule 15c3-3 (SEC Rule 15c3-3) under Paragraph (k)(1), as customer transactions are limited to those involving redeemable securities of registered insurance companies and interests in insurance company separate accounts.

The Company has complied with the above exemptive provisions of SEC Rule 15c3-3.



**Report of Independent Auditors
on Internal Control Required By SEC Rule 17a-5(g)(1)**

To the Board of Directors and Management of
Investment Distributors, Inc.

In planning and performing our audit of the financial statements of Investment Distributors, Inc. (the "Company"), a wholly owned subsidiary of Protective Life Corporation, as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 71a-13; and
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.



Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency or combination of deficiencies in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2012 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

February 27, 2013



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(PCW) fiber and certified by the Forest Stewardship Council.