

SEC  
Mail Processing  
Section

MAR 5 - 2013  
Washington DC  
400

SECURITI



DN

13014286

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

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: April 30, 2013  
Estimated average burden  
hours per response..... 12.00

SEC FILE NUMBER  
8- 42477

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

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: *Benjamin Securities Investment Company, Inc*

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
**3603 Ridgeview Drive**

(No. and Street)

**Missouri City**

**Texas**

**77459-4046**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
**BENJAMIN F SMITH** **281-403-0009**  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**ABBM Group, Ltd, LLP**

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

**9575 Katy Freeway, Suite 370**

**Houston**

**Texas**

**77024**

(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)

BB

OATH OR AFFIRMATION

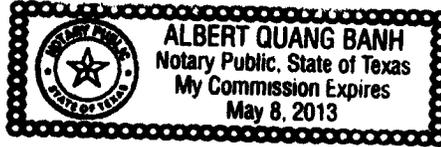
I, Benjamin Franklin Smith, Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Benjamin Securities Investment Company, Inc., as of December 31, 2012, are true and correct. I further swear (or affirm) 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:

Benjamin F. Smith
Signature

Chief Executive Officer
Title

Albert Quang Banh
Notary Public

02/26/13



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).



**ABBM Group, Ltd LLP**  
Certified Public Accountants

9575 Katy Freeway, Suite 370  
Houston, Texas 77024  
(713) 552-9800  
FAX (713) 552-9700  
[www.abbmgroup.com](http://www.abbmgroup.com)

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Benjamin Securities Investment Company, Inc.

We have audited the accompanying financial statements of Benjamin Securities Investment Company, Inc. (a Texas Corporation), which comprise the statement of financial condition as of December 31, 2012, and the related statements of income, stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934.

### **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 that are free from material misstatement whether due to fraud or error.

### **Auditor's 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 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 the auditor's 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 entity'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 entity'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 Benjamin Securities Investment Company, Inc. as of 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.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained in Schedule I required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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.

*ABBM Group Ltd LLP*

ABBM Group, Ltd LLP

Houston, Texas  
February 26, 2013

**BENJAMIN SECURITIES INVESTMENT COMPANY, INC.**  
**Statement of Financial Condition**  
**December 31, 2012**

---

**ASSETS**

Cash and money market accounts	\$17,396
Receivable from broker-dealer and clearing organizations	8,466
Other receivables	5
Clearing deposit	11,362
Securities owned, at fair value	86,202
Furniture and equipment net of accumulated depreciation of \$34,256	23,379
Prepaid expenses and deposits	-
Total assets	<u>\$146,810</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Liabilities:**

Accounts payable and accrued expenses	\$7,443
Accounts payable, shareholders	684
Total liabilities	<u>8,127</u>

**Stockholders' equity:**

Common stock, no par value, 1,000,000 shares authorized, 17,778 shares issued and outstanding	160,001
Retained earnings (deficit)	<u>(21,318)</u>
Total stockholders' equity	<u>138,683</u>
Total liabilities and stockholders' equity	<u>\$ 146,810</u>

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

**BENJAMIN SECURITIES INVESTMENT COMPANY, INC.**

**Statement of Income**

**Year Ended December 31, 2012**

---

**Revenue**

Investment advisory fees	\$ 104,902
Commissions	5,530
Interest and dividends	2,181
	<u>112,613</u>

**Expenses**

Compensation and related costs	79,617
Occupancy	18,000
Regulatory fees	3,085
Professional fees	6,431
Commissions	1,083
Communications and data processing	670
Depreciation	5,238
Other expenses	7,802
Total expenses	<u>121,926</u>
<b>Operating income (loss)</b>	<u><b>(9,313)</b></u>

**Other income (expense)**

Realized and unrealized gains (losses) on securities owned	<u>(8,967)</u>
<b>Income (loss) before tax</b>	<u><b>(18,280)</b></u>
<b>Provision for Federal income tax</b>	<u>-</u>
<b>Net income (loss)</b>	<u><u><b>\$ (18,280)</b></u></u>

**BENJAMIN SECURITIES INVESTMENT COMPANY, INC.**  
**Statement of Stockholders' Equity**  
**Year Ended December 31, 2012**

---

	<b>Common Stock</b>		<b>Retained</b>	
	<b>Shares</b>	<b>Amount</b>	<b>Earnings</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<b>(Deficit)</b>	<u>          </u>
Balances, December 31, 2011	17,778	\$ 160,001	\$ (3,038)	\$ 156,963
Net income			(18,280)	(18,280)
Less, Dividends paid			-	-
Balances, December 31, 2012	<u>17,778</u>	<u>\$ 160,001</u>	<u>\$ (21,318)</u>	<u>\$ 138,683</u>

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

**BENJAMIN SECURITIES INVESTMENT COMPANY, INC.**

**Statement of Cash Flows**

**Year Ended December 31, 2012**

**Cash flows from operating activities:**

Net income (loss)	(\$18,280)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	5,238
Realized and unrealized (gains) losses on securities owned	8,967
Change in assets and liabilities	
(Increase) decrease in receivables	1,560
Proceeds from sale of securities owned	49,029
Purchase of securities owned	(50,412)
Increase (decrease) in accounts payable and accrued expenses	7,331
Increase (decrease) in accounts payable, shareholders	(27)
(Increase) decrease in prepaid expenses and deposits	150
Net cash flows from operating activities	<u>3,556</u>

**Cash flows from investing activities:**

Increase in deposit account	-
Purchase of furniture and equipment	-
Net cash flows from investing activities	<u>-</u>

**Cash flows from financing activities:**

Dividends paid	-
Net cash flows from financing activities	<u>-</u>

Net increase (decrease) in cash	3,556
Cash, beginning of period	13,840
<b>Cash, end of period</b>	<u><u>\$ 17,396</u></u>

**Supplemental Disclosures of Cash Flow Information:**

Cash paid for interest	-
Cash paid for income tax	-

**BENJAMIN SECURITIES INVESTMENT CO., INC.**

**Notes to Financial Statements**

**December 31, 2012**

---

**Note 1 - Organization and summary of significant accounting policies:**

Following is a summary of our organization and significant accounting policies:

**Organization and nature of business** – Benjamin Securities Investment Co., Inc. (identified in these footnotes as “we” or the Company) is a Texas corporation incorporated on August 12, 1996. We are based in the Houston Gulf Coast area of Texas. We use December 31 as a fiscal year for financial reporting purposes.

Benjamin and Joyce Smith own 90% of our outstanding shares.

We are a broker-dealer registered with the SEC and are a member of FINRA and the Securities Investors Protection Corporation (SIPC). We have a fully disclosed correspondent agreement with Southwest Securities, Inc. effective October 2, 1996. This agreement remains in effect.

Under Regulation 240.15c3-3(k)(2)(ii), the firm is exempt from regulation 15c3-3 because the firm meets all of the exemption requirements listed under 15c3-3(k)(2)(ii). This rule provides that it shall not be applicable to a broker or dealer:

(ii) who, as an introducing broker or dealer, clears all transactions, with and for customers on a fully disclosed basis with a clearing broker or dealer, and who promptly transmits all customers funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirement of Rules 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer.

**Basis of presentation** - The accounting and reporting policies of the Company conform to U.S. generally accepted accounting principles applicable to broker-dealers, using the accrual basis of accounting.

**Use of estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and cash equivalents** - For purposes of the statement of cash flows, we consider all cash in banks, money market funds, and certificates of deposit with a maturity of less than three months to be cash equivalents.

**Clearing deposit** – As a condition to enter into the fully disclosed correspondent agreement, Southwest Securities, Inc. required us to deposit \$10,000 with them. The agreement does not stipulate any restriction on the cash deposit. However, we consider the maintenance of this deposit necessary to the continuation of the correspondent agreement with Southwest Securities, Inc. The value of the account at December 31, 2012 was \$11,362.

**Fair value of financial instruments and derivative financial instruments** - The carrying amounts of cash, receivables, and current liabilities approximate fair value because of the short maturity of these items. These fair value estimates are subjective in nature and involve

**BENJAMIN SECURITIES INVESTMENT CO., INC.**

*Notes to Financial Statements*

*December 31, 2012*

---

uncertainties and matters of significant judgment, and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates. Although we hold financial instruments in the form of securities owned which are classified as trading securities under generally accepted accounting principles for broker/dealers, we do not utilize derivative instruments in the management of our foreign exchange, commodity price or interest rate market risks.

**Accounts receivable** – Accounts receivable are evaluated by management periodically for collectibility, and an allowance for doubtful accounts is provided based on prior experience and management’s evaluation. At December 31, 2012, no allowance was deemed necessary.

**Securities owned** – Securities owned are classified as trading securities in accordance with generally accepted accounting principles applicable to broker/dealers, and are reported at fair value. 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. Fair value measurements are discussed in more detail below.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date, when present, are recorded net on the statement of financial condition.

**Revenue recognition** – Investment advisory fees and commissions are recorded as earned. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

**Property and equipment** – Property and equipment are stated at cost less accumulated depreciation computed principally using straight line methods over the estimated useful lives of the assets. Repairs are charged to expense as incurred. Impairment of long-lived assets is recognized when the fair value of a long-lived asset is less than its carrying value. At the end of the current year, no impairment of long-lived assets had occurred, in management’s opinion.

**Federal income taxes** – We are a “C” corporation under the Internal Revenue Code. Deferred income taxes are reported for timing differences between items of income or expense reported in the financial statements and those reported for income tax purposes in accordance with applicable FASB Topics regarding *Accounting for Income Taxes*, which require the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax loss and credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company provides deferred taxes for the estimated future tax effects attributable to temporary differences and carryforwards when realization is more likely than not.

**Note 2 – Uncertainty in financial markets:**

During the year ended December 31, 2008, worldwide financial markets experienced severe turmoil. Many stock markets suffered significant declines in values, unemployment increased in many places, and reported corporate profits declined. In addition, many stock prices on stock exchanges around the world declined dramatically. As a result of this financial upheaval, which was widely chronicled, governments

**BENJAMIN SECURITIES INVESTMENT CO., INC.**

**Notes to Financial Statements**

**December 31, 2012**

---

around the world took extreme measures in an attempt to stabilize markets. More recently, foreign governments have experienced serious financial difficulties, and the U.S. Government also faces significant budget deficits. All of these factors contribute to uncertainty in financial markets. While we are optimistic that conditions will improve in the near term, there can be no assurance that will occur. We have not determined the effect, if any, the continuing or future financial uncertainty will have on our business.

**Note 3 – Receivable from and payable to broker-dealer and clearing organizations:**

Receivables from broker-dealer and clearing organizations include the following:

Receivable from clearing organizations	\$ -
Fees and commissions receivable	8,466
Total	<u>\$8,466</u>

Payables to broker-dealer and clearing organizations include the following:

Payable to clearing organizations	\$ -
Fees and commissions payable	-
Total	<u>\$ -</u>

At December 31, 2012, and during the year then ended, we had no subordinated liabilities.

**Note 4 – Investment in securities owned and fair value measurements:**

We follow FASB ASC 820, *Fair Value Measurements and Disclosures* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of 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.
- Level 3 inputs 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 table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2012.

**BENJAMIN SECURITIES INVESTMENT CO., INC.**

*Notes to Financial Statements*

*December 31, 2012*

**Fair Value Measurements Using:**

<b>Description</b>	<b>Quoted Prices In Active Markets For Identical Assets (Level 1)</b>		<b>Level 2 and Level 3 Inputs</b>
	<b>Fair Value</b>		
Cash and money market accounts	\$17,396	\$17,396	
Securities owned (trading securities):			
Domestic equities	28,605	28,605	
Foreign equities	57,597	57,597	
Total securities (trading securities)	86,202	86,202	-
Total	\$103,598	\$103,598	

The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although we believe our valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

A reconciliation of Fair Values is as follows:

	<b>Investment in Securities Owned</b>
Beginning balance	\$93,786
Total gains or losses (realized and unrealized) included in Statement of Income	(8,967)
Purchases, sales, issuances, and settlements (net)	1,383
Ending balance	\$86,202

Gains and losses (realized and unrealized) included in net income (loss) for the year ended December 31, 2012 are reported in Net appreciation in fair value of investments.

**Note 5 - Federal income tax:**

We follow applicable FASB Topics regarding *Accounting for Income Taxes*. Deferred income taxes reflect the net effect of (a) temporary difference between carrying amounts of assets and liabilities for financial purposes and the amounts used for income tax reporting purposes, and (b) net operating loss carryforwards. No net provision for refundable Federal income tax has been made in the accompanying statement of loss because no recoverable taxes were paid previously. Similarly, no deferred tax asset attributable to the net operating loss carryforward has been recognized, as it is not deemed likely to be realized.

The provision for Federal income tax, using the expected rate of 15%, consists of the following:

**BENJAMIN SECURITIES INVESTMENT CO., INC.**

**Notes to Financial Statements**

**December 31, 2012**

---

	<b>Year Ended December 31, 2012</b>
Federal income tax attributable to:	
Current operations	(\$2,742)
Timing difference, unrealized loss on marketable securities	1,345
Timing difference, depreciation	555
Permanent difference, nontaxable dividend income	(229)
Permanent difference, non deductible items	36
Subtotal	(1,035)
Change in deferred tax valuation allowance	1,035
Net provision for Federal income tax	<u>\$ -</u>

The cumulative tax effect at the expected rate of 15% of significant items comprising our net deferred tax amount is as follows:

	<b>December 31, 2012</b>
Deferred tax asset (liability) attributable to:	
Difference between book and tax accumulated depreciation	(\$2,929)
Capital loss carryover	5,705
Section 179 depreciation carryover	1,488
Unrealized loss in value of securities	3,237
Net operating loss carryover	1,366
Subtotal	8,867
Less: Valuation allowance	8,867
Net deferred tax asset	<u>\$ -</u>

At December 31, 2012, we had an unused capital loss carryover of \$38,032 that is available to offset future realized capital gains; \$379 expires in 2013; \$37,653 expires in 2015. A net operating loss carryover of \$1,938 available, expiring in 2030. A net operation loss carryover of \$270 is available expiring in 2031. A net operating loss of \$6,899 is available expiring in 2032. A Section 179 expense deduction in the amount of \$9,923 is available for carryover. Federal income tax returns for the last three years remain open and subject to examination by the tax authorities.

**Note 6 – Related party transactions:**

At December 31, 2012, we owed Benjamin and Joyce Smith, our majority shareholders, the amount of \$684 for expenses paid on our behalf or funds advanced.

We share office space, computers, furniture and fixtures and office supplies with Smith & Smith, Certified Public Accountants, which is owned by our shareholders Benjamin and Joyce Smith. In connection with that arrangement, we paid \$18,000 in rent during 2012 to Benjamin and Joyce Smith under a month-to-month rental arrangement. For calendar year 2013, we expect to pay approximately \$18,000 under the month-to-month rental arrangement. There is a written expense sharing agreement covering the agreement between the Company, Smith & Smith, Certified Public Accountants and the owners.

**BENJAMIN SECURITIES INVESTMENT CO., INC.**

**Notes to Financial Statements**

**December 31, 2012**

---

**Note 7 – Fidelity bond:**

We carry a \$100,000 fidelity bond as required by FINRA.

**Note 8 – Concentrations:**

The Company and its subsidiaries are engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

In addition, we received approximately 50% of our investment advisory fees from one client during the year ended December 31, 2012.

**Note 9 – Net capital requirements:**

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2012, the Company had net capital of \$92,612 which was \$87,612 in excess of its required net capital of \$5,000. The Company's percentage of aggregate indebtedness to net capital ratio was 8.77 percent.

**Note 10 – Subsequent events:**

In accordance with FASB pronouncements regarding subsequent events, we have evaluated subsequent events through the date of the auditors' report, the date on which these financial statements are available to be issued. We believe there are no subsequent events required to be disclosed pursuant to this pronouncement.

**Note 11 - New accounting pronouncements:**

Recent accounting pronouncements which have not yet become effective have been evaluated by management and are not currently expected to have a material effect on our financial Statements.

## Schedule I

### BENJAMIN SECURITIES INVESTMENT COMPANY, INC.

#### Schedules

December 31, 2012

#### Computation of Net Capital and Aggregate Indebtedness

Total stockholders' equity	\$ 138,683
Deduct stockholders' equity not allowable for net equity	<u>(8,466)</u>
Total stockholders' equity qualified for net capital	130,217
Subordinated borrowings	-
Other (deductions) or allowable credits - deferred income taxes	<u>-</u>
Total capital and allowable subordinated borrowings	130,217
Deductions and/or charges	
Non-allowable assets:	
Furniture and equipment net of accumulated depreciation of \$34,256	<u>(23,379)</u>
Net capital before haircuts on securities positions	106,838
Haircuts on securities positions	<u>(14,226)</u>
<b>Net Capital</b>	<u><u>\$ 92,612</u></u>
Aggregate indebtedness	
Total liabilities	<u>\$ 8,127</u>
Total aggregate indebtedness	<u><u>\$ 8,127</u></u>
Computation of basic net capital requirement	
Minimum net capital required (greater of \$5,000 or 6 2/3% of aggregate indebtedness)	<u><u>\$ 5,000</u></u>
Net capital in excess of minimum requirement	<u><u>\$ 87,612</u></u>
Percentage of aggregate indebtedness to net capital	<u><u>8.78%</u></u>

Note: The above computation does not differ from the computation of net capital under Rule 15c3-1 as of December 31, 2012 as filed by Benjamin Securities Investment Co., Inc. Form X-17A-5. Accordingly, no reconciliation is deemed necessary.

**Schedule I**

**BENJAMIN SECURITIES INVESTMENT COMPANY, INC.**

**Schedules**

**December 31, 2012**

**Statement of Changes in Liabilities Subordinated to Claims  
of General Creditors**

Balance of liabilities subordinated to claims of general creditors:	
Beginning of year	\$ -
During the year	
	<hr/>
End of year	<u>\$ -</u>

**Statement Indicating the Exemption to 15c3-3 Claimed by the Firm**

Under Regulation 240.15c3-3(k)(2)(ii), the firm is exempt from Regulation 15c3-3 because the firm meets all of the exemption requirements listed under 15c3-3(k)(2)(ii).

**Possession or Control Requirement Under Rule 15c3-3**

This broker is an introducing broker on a fully disclosed basis and was not in possession or control of any securities during the year ended December 31, 2012

**1. Computation of Net Capital under Rule 15c3-1**

**2. Computation for Determination of the Reserve Requirement Under  
Exhibit A of Rule 15c3-3 for the Year Ended**

1. This broker did not receive, directly or indirectly, or hold funds or securities for, or owe funds or securities to customers, and does not carry accounts of, or for customers, and does not engage in any of the activities described in paragraph (a) (2)(l) through (v) of Section 15c3-1. Therefore as per Reg. 15c3-1 par a(s)(vi), the net capital requirement is \$5,000.

2. A computation for reserve requirements under Exhibit A of Rule 15c3-3 shows a zero reserve requirement.



**ABBM Group, Ltd LLP**

Certified Public Accountants

9575 Katy Freeway, Suite 370

Houston, Texas 77024

(713) 552-9800

FAX (713) 552-9700

[www.abbmgroup.com](http://www.abbmgroup.com)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL REQUIRED  
BY SEC RULE 17A-5(G)(1)**

Board of Directors  
Benjamin Securities Investment Company, Inc.

In planning and performing our audit of the financial statements of Benjamin Securities Investment Company, Inc. (the Company), 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 (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 (or aggregate debits) 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 quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13
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 previously 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 deficiency in internal control* 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 and correct, 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 a material misstatement of the company's 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, 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.

*ABBM Group Ltd LLP*

ABBM Group, Ltd LLP

Houston, Texas  
February 26, 2013