

SECURITIES AND EXCHANGE COMMISSION

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DIVISION OF TRADING & MARKETS

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

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

OMB APPROVAL  
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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: FPCG, LLC FORBES PRIVATE CAPITAL GROUP, LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
142 WEST 57TH STREET, 12TH FLOOR

(No. and Street)  
NEW YORK NY 10019  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
DAVID CONROD (212) 887-1137  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
BRACE & ASSOCIATES, PLLC

(Name - if individual, state last, first, middle name)  
PMB 335, 123 NASHUA RD, UNIT 17 LONDONDERRY NH 03053  
(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)

AB  
6/10

AB  
6/10

OATH OR AFFIRMATION

I, DAVID CONROD, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FORBES PRIVATE CAPITAL GROUP, LLC, 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:

TARA N. OBENAUER
NOTARY PUBLIC-STATE OF NEW YORK
No. 010B6126257
Qualified in Nassau County
My Commission Expires May 02, 2013

Handwritten signature of David Conrod

Signature

PRESIDENT

Title

Handwritten signature of Tara N. Obenauer

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.
(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).

**FPCG, LLC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

# BRACE & ASSOCIATES, PLLC

*Certified Public Accountant*

PMB 335, 123 NASHUA ROAD, UNIT 17

LONDONDERRY, NH 03053

TEL. (603) 889-4243

FAX (603) 882-7371

## **Independent Auditor's Report**

To the Members' of  
FPCG, LLC  
New York, NY

I have audited the accompanying statement of financial condition of FPCG, LLC, (the Company) as of December 31, 2012, and the related statements of income, changes in members' equity, and cash flows for the year then ended that are filed pursuant to rule 17a-5 of 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 that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FPCG, LLC 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.

**Other Matter**

My audit was conducted for the purpose of forming an opinion on the financial statements 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. 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 in Schedules I and II 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 general accepted in the United States of America. In my opinion, the information in Schedules I and II is fairly stated in all material respects in relation to the financial statements as a whole.

*Brace & Associates, PLLC*

Brace & Associates, PLLC  
Certified Public Accountant  
Londonderry, New Hampshire  
April 5, 2013

**BRACE & ASSOCIATES, PLLC**

*Certified Public Accountant*

**FPCG, LLC**

**STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2012**

**ASSETS**

|  |                          |
|--|--------------------------|
| Cash and cash equivalents                            | \$ 225,382               |
| Accounts receivable                                  | 8,915,732                |
| Receivable from affiliates                           | 124,506                  |
| Notes receivable                                     | 577,208                  |
| Investments  | 559,618                  |
| Licenses, net of accumulated amortization (\$50,000) | 370,833                  |
| Other assets   | <u>29,271</u>            |
| <br>Total assets                                     | <br><u>\$ 10,802,550</u> |

**LIABILITIES AND MEMBER'S EQUITY**

**LIABILITIES:**

|   |               |
|---|---------------|
| Accounts payable, accrued expenses, and other liabilities | \$ 183,943    |
| Note payable  | 500,000       |
| Other liabilities   | <u>37,780</u> |

Total liabilities \$ 721,723

Member's equity 10,080,827

Total liabilities and member's equity \$ 10,802,550

**FPCG, LLC**

**STATEMENT OF INCOME (LOSS)**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

**Revenues:**

|                             |               |
|-----------------------------|---------------|
| Placement and advisory fees | \$ 11,906,756 |
| Advisory fees               | 66,500        |
| Other income                | <u>22,022</u> |
|                             | 11,995,278    |

**Expenses:**

|                                    |                  |
|------------------------------------|------------------|
| Employee compensation and benefits | \$ 3,871,670     |
| Professional fees                  | 354,156          |
| Travel and entertainment           | 262,589          |
| Royalty fees                       | 110,274          |
| Technology expenses                | 76,151           |
| Occupancy expenses                 | 35,500           |
| Other expenses                     | <u>231,269</u>   |
|                                    | <u>4,941,609</u> |

**Net income (loss)** \$ 7,053,669

**FPCG, LLC**

**STATEMENT OF CHANGES IN MEMBER'S EQUITY**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

|                                      |                      |
|--------------------------------------|----------------------|
| Member's equity at beginning of year | \$ 307,790           |
| Net income (loss)                    | 7,053,669            |
| Member's cash contributions          | 1,669,329            |
| Member's contributions in expenses   | 3,397,539            |
| Member's distributions               | <u>(2,347,500)</u>   |
| Member's equity at end of year       | <u>\$ 10,080,827</u> |

FPCG, LLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

|  |                    |                    |
|--|--------------------|--------------------|
| Cash flows from operating activities:  |                    |                    |
| Net income (loss)  |                    | \$ 7,053,669       |
| Adjustments to reconcile net income<br>to net cash provided by operating activities: |                    |                    |
| Expenses paid by affiliate   | \$3,397,538        |                    |
| Amortization   | 50,000             |                    |
| (Increase) decrease in operating assets:   |                    |                    |
| Increase in accounts receivable  | (8,915,732)        |                    |
| Increase in receivable from affiliates   | (124,506)          |                    |
| Increase in note receivable  | (577,208)          |                    |
| Decrease in other assets   | 254,714            |                    |
| Increase (decrease) in operating liabilities:  |                    |                    |
| Increase in accounts payable, accrued expenses                                       | 168,736            |                    |
| Increase in other liabilities  | <u>37,780</u>      |                    |
| Total adjustments  |                    | <u>(5,708,678)</u> |
| Net cash provided by operating activities  |                    | <u>1,344,991</u>   |
| Cash flows from investing activities:  |                    |                    |
| Issuance of note payable   | 500,000            |                    |
| Investment in limited partnerships   | (559,618)          |                    |
| Purchase of licenses   | <u>(420,833)</u>   | <u>(480,451)</u>   |
| Cash flows from financing activities:  |                    |                    |
| Member's contributions   | 1,669,329          |                    |
| Member's distributions   | <u>(2,347,500)</u> | <u>(678,171)</u>   |
| Net increase in cash   |                    | 186,369            |
| Cash at beginning of the year  |                    | <u>39,013</u>      |
| Cash at end of the year  |                    | <u>\$ 225,382</u>  |

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the year for:

|              |                  |
|--------------|------------------|
| Interest     | <u>\$ 10,192</u> |
| Income taxes | <u>\$ 332</u>    |

Disclosure of accounting policy:

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**FPCG, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**

**NOTE 1 - ORANIZATION**

Forbes Private Capital Group, LLC (the "Company", a wholly owned subsidiary of G2 Investment Group, LLC (the "Parent"), was organized in 2002 as a Washington limited liability company to conduct business as a registered broker dealer under the Securities Exchange Act of 1934. As a limited liability company the members' liability is limited to their investment. The Company is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company provides services on behalf of clients for the purchase and/or sale of securities and private placements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

**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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with maturity of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents consist primarily of cash and money market funds held at banks and other financial institutions.

**Long-Lived Assets**

In accordance with GAAP, we review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. For assets which are held and used in operations, the asset is deemed to be impaired if its carrying value exceeds its estimated undiscounted future cash flows. If such assets are considered to be impaired, the impairment loss recognized is the amount by which the carrying value exceeds the fair value of the asset or estimated discounted future cash flows attributable to the asset.

## FPCG, LLC

### NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Advisory and placement fees include fees earned from placement agent and advisory services. Nonrefundable retainers received from advisory services are recorded as advisory fee income when received. Placement fees are recognized at the time a transaction is consummated and the income is reasonably determinable.

Income Taxes

The Company is a Limited Liability Company, which does not incur federal income taxes. Instead, its taxable income or loss is reflected by the members on their individual tax returns. No provisions are included in the accompanying financial statements. The U.S. Federal jurisdiction and New York are the major tax jurisdictions where the Company files income tax returns. The Company is no longer subject to U.S. Federal or State examinations by tax authorities for years before 2008.

Investments

The Company invests in Limited Partnership units. Such Partnerships are carried at cost and are not readily marketable. The company recognizes a foreign currency gain or loss for investments held in foreign currencies.

Licenses

On May 24, 2010, the Company entered into a Trademark License Agreement with Forbes Financial Services, LLC ("Forbes") to obtain permission from Forbes to utilize the name of FORBES in their business operations and paid Forbes \$500,000. The term of the license agreement is 5 years and will automatically renew for an additional 5 year term if the total of the upfront license fee and cumulative license fee paid is at least \$10 million. Company management intends to renew this license agreement and has amortized the arrangement over the full ten year period.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial assets and liabilities, including cash, accounts receivable, accounts payable and accrued expenses, approximate fair value because of their short maturities.

Subsequent Events

The Company has evaluated its subsequent events through April 5, 2013, the date that the accompanying financial statements were available to be issued. There were no subsequent events requiring disclosure.

**FPCG, LLC**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**DECEMBER 31, 2012**

**NOTE 3 - ACCOUNTS RECEIVABLE**

Trade accounts receivable are stated at the amount the Company expects to collect. The allowances for doubtful accounts are maintained for estimated losses resulting from the inability of its customers to make required payments. We consider the following factors when determining the collectability of specific customer accounts: customer credit-worthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. Due to the nature of the accounts receivable balance, we believe the risk of doubtful accounts is minimal. If the financial condition of our customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. We provide for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remains outstanding after we have used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. We recorded no material bad debt expense in 2012. The allowance for doubtful accounts was \$0 at December 31, 2012.

**NOTE 4 - RELATED PARTY TRANSACTIONS**

Forbes Private Capital Group, LLC is a member of a controlled group of companies G2 Investment Group, LLC. These companies share office facilities, personnel, operating costs and other expenses. The Parent pays the costs of such expenses and allocates the pro-rata share to each respective entity, including the Company, without reimbursement. Such expenses allocated to the Company are considered contributed capital to the Company when paid by the Parent. During the year ended December 31, 2012 such expenses and capital contributions totaled \$2,832,724.

The Company shares certain other revenues and expenses, or acts as paying or receiving agent for the other members of the controlled group. As of December 31, 2012, the net amounts due from these affiliates were \$124,506.

**NOTE 5 - NOTES RECEIVABLE**

During the year ended December 31, 2012, the Company loan monies to certain officers in return for notes bearing interest of 4% and maturing on dates ranging from January 31, 2013 to December 21, 2013.

**FPCG, LLC**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**DECEMBER 31, 2012**

**NOTE 6 - NOTE PAYABLE**

During the year ended December 31, 2012, the Company entered into an account receivable financing agreement with a third party. In connection with this agreement, the Company has pledged certain specific accounts receivables as sole collateral to the related note. The note bears interest of 7.5% per year and matures on March 28, 2013.

**NOTE 7 - NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum regulatory net capital, and requires that the ratio of aggregate indebtedness to regulatory net capital, both as defined, shall not exceed 15 to 1. At December 31, 2012, the Company had regulatory net capital of \$97,972, which exceeded its requirement of \$14,782 by \$83,190. The ratio of aggregate indebtedness to net capital was 2.26 to 1.

**NOTE 8 - CONCENTRATIONS**

The Company maintains its cash in bank and financial institution deposits that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts through December 31, 2012. As of December 31, 2012, there were no cash equivalent balances held at financial institutions that are not insured.

The Company transacts business with a limited number of parties. During the year ended December 31, 2012, revenues from the largest customer represented 31% of the total revenues. As of December 31, 2012, the largest accounts receivable represented 74% of the total accounts receivables.

**FPCG, LLC**  
**SUPPLEMENTARY SCHEDULES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**FPCG, LLC**

**SCHEDULE I**

**COMPUTATION OF AGGREGATE INDEBTEDNESS AND NET CAPITAL  
PURSUANT TO RULE 15c3-1**

**DECEMBER 31, 2012**

|  |                            |
|--|----------------------------|
| Total ownership equity from statement of financial condition         | \$ 10,080,827              |
| Total nonallowable assets from statement of financial condition      | <u>9,982,855</u>           |
| Net capital before haircuts on securities positions                  | 97,972                     |
| Haircuts on securities   | <u>-</u>                   |
| Net capital  | <u><u>\$ 97,972</u></u>    |
| Aggregate indebtedness:  |                            |
| Total liabilities from statement of financial condition              | <u><u>\$ 721,723</u></u>   |
| Less: Non aggregate indebtedness note payable                        | <u>(500,000)</u>           |
| Total aggregate indebtedness   | <u><u>\$ 221,723</u></u>   |
| Percentage of aggregate indebtedness to net capital                  | <u><u>226.3%</u></u>       |
| Computation of basic net capital requirement:                        |                            |
| Minimum net capital required (1500% of A.I.)                         | <u><u>\$ 14,781.53</u></u> |
| Minimum dollar net capital requirement of reporting broker or dealer | <u><u>\$ 5,000</u></u>     |
| Net capital requirement  | <u><u>\$ 14,782</u></u>    |
| Excess net capital   | <u><u>\$ 83,190</u></u>    |
| Excess net capital at 1000%  | <u><u>\$ 75,800</u></u>    |

FPCG, LLC

RECONCILIATION OF NET CAPITAL  
PURSUANT TO RULE 15c3-1  
(X-17A-5)  
AT DECEMBER 31, 2012

SCHEDULE I (CONTINUED)

|   | FOCUS<br>REPORT -<br>PART IIA<br>QUARTER ENDED<br><u>December 31, 2012</u> | <u>ADJUSTMENTS</u>         | ANNUAL<br>FINANCIAL<br>STATEMENTS<br>AT<br><u>December 31, 2012</u> |
|---|--|----------------------------|---|
| <b>COMPUTATION OF NET CAPITAL</b>                                     |  |                            |   |
| Total ownership equity from<br>statement of financial condition       | \$ <u>7,139,068</u>  | \$ <u>2,941,759</u>        | \$ <u>10,080,827</u>  |
| Deductions and/or charges:  |  |                            |   |
| Total nonallowable assets<br>from statement of financial<br>condition | 6,780,782  | 3,202,073                  | 9,982,855   |
| Haircuts on securities  | <u>-</u>   | <u>-</u>                   | <u>-</u>  |
| Total deductions  | <u>6,780,782</u>   | <u>3,202,073</u>           | <u>9,982,855</u>  |
| Net capital   | \$ <u><u>358,286</u></u>   | \$ <u><u>(260,314)</u></u> | \$ <u><u>97,972</u></u>   |

**SCHEDULE II**

**FPCG, LLC**

**COMPUTATION FOR DETERMINATION OF  
RESERVE REQUIREMENTS FOR BROKER-DEALER UNDER  
RULE 15c3-3 OF THE SECURITIES EXCHANGE ACT OF 1934**

**DECEMBER 31, 2012**

The Company is exempt from the reserve requirements of Rule 15c3-3 under paragraph k(2)(ii) as its transactions are limited such that they do not handle customer funds or securities, accordingly, the computation for determination of reserve requirements pursuant to Rule 15c3-3 and information relating to the possession or control requirement pursuant to Rule 15c3-3 are not applicable.

# BRACE & ASSOCIATES, PLLC

*Certified Public Accountant*

PMB 335, 123 NASHUA ROAD, UNIT 17

LONDONDERRY, NH 03053

TEL. (603) 889-4243

FAX (603) 882-7371

## Independent Auditor's Report on Internal Control

Members' of  
FPCG, LLC

In planning and performing my audit of the financial statements of FPCG, LLC (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, I considered the Company's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, I 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), I 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 I 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, I 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 of 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 preparation of financial statements in conformity with general 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 or 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 a 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.

My 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. I did not identify any deficiencies in internal control and control activities for safeguarding securities that I consider to be material weaknesses, as defined previously.

I 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 my study, I believe 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 information and use of the Partners, management, the SEC, The Financial Industry Regulatory Authority, Inc. 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.

*Brace & Associates, PLLC*

Brace & Associates, PLLC  
Certified Public Accountant  
Londonderry, New Hampshire  
April 5, 2013

**BRACE & ASSOCIATES, PLLC**

*Certified Public Accountant*

**FPCG, LLC**  
**SUPPLEMENTAL SIPC REPORT**  
**DECEMBER 31, 2012**

# BRACE & ASSOCIATES, PLLC

*Certified Public Accountant*

PMB 335, 123 NASHUA ROAD, UNIT 17

LONDONDERRY, NH 03053

TEL. (603) 889-4243

FAX (603) 882-7371

To the Member of FPCG, LLC

New York, NY

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, I 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 Protection Corporation (SIPC) for the Year Ended December 31, 2012, which were agreed to by FPCG, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC solely to assist you and the other specified parties in evaluating FPCG, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). FPCG, LLC's management is responsible for the FPCG, 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, I 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 I performed and my findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records, noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2012, 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 noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences.

I was not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my 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.

*Brace & Associates, PLLC*

April 5, 2013

FPCG, LLC  
DETERMINATION OF "SIPC NET OPERATING REVENUES"  
AND GENERAL ASSESSMENT  
FOR THE PERIOD ENDED DECEMBER 31, 2012

**SCHEDULE OF ASSESSMENT PAYMENTS**

|  |                  |                          |
|--|------------------|--------------------------|
| <b>General Assessment</b>                      |                  | <b>\$19,261</b>          |
| <b>Less Payments Made:</b>                     |                  |                          |
| <u>Date Paid</u>                               | <u>Amount</u>    |                          |
| <u>07-27-12</u>                                | <u>\$ 15,654</u> |                          |
| <u>02-28-13</u>                                | <u>20,423</u>    |                          |
|  |                  | <u>(36,077)</u>          |
| <b>Interest on late payment(s)</b>             |                  | <u>          </u>        |
| <b>Total Assessment Balance or Overpayment</b> |                  | <b><u>\$(16,816)</u></b> |
| <b>Overpayment carried forward</b>             |                  | <b><u>\$(16,816)</u></b> |

**See Accountant's Report**

FPCG, LLC  
DETERMINATION OF "SIPC NET OPERATING REVENUES"  
AND GENERAL ASSESSMENT  
FOR THE PERIOD ENDED DECEMBER 31, 2012

|   |                            |
|---|----------------------------|
| <b>Total revenue</b>  | <b><u>\$11,995,278</u></b> |
| <b>Additions:</b>   |                            |
| <b>Various (list)</b>   |                            |
| <b>Total additions</b>  | <b><u>\$ 0</u></b>         |
| <b>Deductions:</b>  |                            |
| <b>Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, 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</b> | <b>0</b>                   |
| <b>Revenues from commodity transactions</b>   | <b>0</b>                   |
| <b>Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions</b>   | <b>0</b>                   |
| <b>Net gain from securities in investment accounts</b>  | <b>0</b>                   |
| <b>100% of commissions and markups earned from transactions in certificates of deposit, treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date</b>  | <b>0</b>                   |
| <b>Other</b>  | <b><u>4,290,827</u></b>    |
| <b>Total deductions</b>   | <b><u>\$ 4,290,827</u></b> |
| <b>SIPC NET OPERATING REVENUES</b>  | <b><u>\$ 7,704,451</u></b> |
| <b>GENERAL ASSESSMENT @ .0025</b>   | <b><u>\$ 19,261</u></b>    |

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