

\*  
m/c

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



13030667

Washington DC

402

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

FACING PAGE

Information required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

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

SEC FILE NUMBER
8-52250

REPORT FOR THE PERIOD BEGINNING 1/1/12 AND ENDING 12/31/12  
mm/dd/yy mm/dd/yy

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Hanson McClain Retirement Network, LLC

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

3620 Fair Oaks Blvd., Suite 300

(No. and Street)

Sacramento

California

95864

(City)

(State)

(Zip Code)

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

Steve Burnett

916-979-4019

(Area Code - Telephone Number)

OFFICIAL USE ONLY
FIRM I.D. NO.

B. ACCOUNTANT IDENTIFICATION

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

Ernst Wintter & Associates, Certified Public Accountants

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

675 Ygnacio Valley Road, Suite A200

Walnut Creek

California

94596

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
MAR 4 2013
04 REGISTRATIONS BRANCH

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).

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1410 (06-02)

KH  
3/1/13

OATH OR AFFIRMATION

I, Steve Burnett, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Hanson McClain Retirement Network, 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:

NONE



Signature: [Handwritten Signature]
Title: President

[Handwritten Signature: Elvira Jensen]
Notary Public

This report\*\* contains (check all applicable boxes):

- (a) Facing page [checked]
(b) Statement of Financial Condition. [checked]
(c) Statement of Income (Loss). [ ]
(d) Statement of Cash Flows. [ ]
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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 Requirement Under Exhibit A of Rule 15c3-3. [ ]
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation. [ ]
(l) An Oath or Affirmation. [ ]
(m) A copy of the SIPC Supplemental Report. [ ]
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit. [ ]
(o) Independent Auditor's Report on Internal Accounting Control. [ ]

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

**Hanson McClain Retirement Network, LLC**  
**(SEC ID No. 8-52250)**

**Annual Audit Report**

**December 31, 2012**

**PUBLIC DOCUMENT**

**Filed Pursuant to Rule 17-A-5(E)(3) as a Public Document**

**ERNST WINTER & ASSOCIATES**  
**Certified Public Accountants**

**Hanson McClain Retirement Network, LLC**  
**(SEC ID No. 8-52250)**

**Annual Audit Report**

**December 31, 2012**

**PUBLIC DOCUMENT**

Filed Pursuant to Rule 17-A-5(E)(3) as a Public Document

***ERNST WINTER & ASSOCIATES***  
**Certified Public Accountants**

**Table of Contents**

---

Independent Auditor's Report	1
Statement of Financial Condition	2
Notes to the Financial Statements	3

675 Ygnacio Valley Road, Suite A200  
Walnut Creek, CA 94596

(925) 933-2626  
Fax (925) 944-6333

## **Independent Auditor's Report**

---

To the Member  
Hanson McClain Retirement Network, LLC  
Sacramento, California

### **Report on the Financial Statements**

We have audited the accompanying statement of financial condition of Hanson McClain Retirement Network, LLC, (the "Company") as of December 31, 2012, that is filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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 statement of financial condition referred to above present fairly, in all material respects, the financial position of Hanson McClain Retirement Network, LLC as of December 31, 2012, in accordance with accounting principles generally accepted in the United States of America.

*Ernst Winter & Associates*

February 22, 2013

# Hanson McClain Retirement Network, LLC

## Statement of Financial Condition

December 31, 2012

---

<b>Assets</b>	
Cash and cash equivalents	\$ 840,378
Securities owned, marketable	11,353
Commissions receivable	509,107
Deposit with clearing broker	50,000
Prepaid expenses and other assets	42,573
Due from related party	14,654
Property and equipment, net of \$52,005 accumulated depreciation	11,353
<b>Total Assets</b>	<b>\$ 1,479,418</b>

  

<b>Liabilities and Member's Equity</b>	
Accounts payable	\$ 91,811
Accrued compensation and benefits	101,560
Due to clearing broker	75,906
Due to related parties	57,508
<b>Total Liabilities</b>	<b>326,785</b>
<b>Member's Equity</b>	<b>1,152,633</b>
<b>Total Liabilities and Member's Equity</b>	<b>\$ 1,479,418</b>

---

See independent auditor's report and accompanying notes.

# Hanson McClain Retirement Network, LLC

## Notes to the Financial Statements

December 31, 2012

### 1. Organization

Hanson McClain Retirement Network, LLC (the "Company") was formed as a limited liability company in California in July 1998, with a termination date of July 1, 2028. Under this form of organization, the member is not liable for the debts of the Company.

The Company registered as a broker-dealer with the Securities and Exchange Commission in July 2000, and is a member of the Financial Industry Regulatory Authority. The Company provides marketing and training support to independent financial advisors. The Company is also a securities dealer with customer accounts and conducts business under a fully disclosed agreement with National Financial Services LLC ("NSF").

### 2. Significant Accounting Policies

#### Customer and Proprietary Securities Transactions

The Company clears all customers' transactions on a fully disclosed basis in accordance with a clearing agreement with NFS. The Company promptly transmits all funds and securities to NFS and does not otherwise hold funds or securities for, or owe money or securities to, customers. Commission income and expenses and related clearing charges generated from customer securities transactions are recorded on a trade date basis as the transaction occurs.

The Company, in its capacity as a securities dealer, records proprietary securities transactions in regular-way trades on the trade date, as if they had settled. Profit and loss arising from all proprietary securities transactions entered into and for the account and risk of the Company are recorded on a trade date basis. In connection with these proprietary securities transactions, the Company will have amounts receivable and payable to their clearing broker for transactions that have not reached their contractual settlement date. These receivables and payables are recorded net on the statement of financial condition.

#### Cash and Cash Equivalents

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. At December 31, 2012, the Company had no cash equivalents.

#### Accounts Receivable

The Company evaluates its accounts receivable and notes receivable and estimates the provision for doubtful accounts based on historical collection experience, delinquency rates, bankruptcies, and information obtained about and/or provided by the person or entity who owes the Company and other current economic conditions.

Past due balances over 30 days are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

#### Property and Equipment

Property and equipment are stated at cost and include office furniture and equipment, business software and computers. Expenditures for repairs and maintenance which do not extend the useful life of the furniture and equipment, along with purchases below \$1,000 are charged to expense when made. Upon retirement, the asset cost and related accumulated depreciation are relieved from the financial statements. Depreciation and amortization are computed using the straight-line method over the estimated useful lives ranging from 3 to 5 years.



# Hanson McClain Retirement Network, LLC

## Notes to the Financial Statements

December 31, 2012

### 2. Significant Accounting Policies (Continued)

#### Use of Estimates

The preparation of financial statements in accordance 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. Actual results could differ from those estimates and may have an impact on future periods.

#### Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities that represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

#### Income Taxes

The Company has elected under the Internal Revenue Code to be treated as a qualified subchapter S subsidiary of its member, Hanson McClain Group, Inc. ("HMG"). In lieu of federal income taxes, the Company's income is passed through to HMG. The Company is subject to an annual \$800 California tax and a California income tax on S corporations. All items of income, deductions, and credits are included in HMG's tax return.

### 3. Risk Concentration

At December 31, 2012, the Company held cash deposits at a financial institution which were in excess of applicable federal insurance limits by \$617,313.

### 4. Deposit with Clearing Broker

The Company's clearing broker, NFS, requires that they maintain at least \$50,000 in deposits and a minimum net capital of \$100,000.

### 5. Property and Equipment

Property and equipment, net consist of the following:

Furniture and fixtures	\$ 39,454
Computers and equipment	12,310
<u>Business software</u>	<u>11,594</u>
Total cost	63,358
<u>Total accumulated depreciation</u>	<u>(52,005)</u>
<u>Property and equipment, net</u>	<u>\$ 11,353</u>

# Hanson McClain Retirement Network, LLC

## Notes to the Financial Statements

December 31, 2012

### 6. Postretirement Plan

The Company maintains a pension plan consistent with provisions under section 401(k) of the Internal Revenue Code. Under this plan employees may make an elective deferral to reduce their taxable gross wages.

### 7. Securities Owned, Marketable

Marketable securities owned consist of equity securities and are stated at fair market value with related changes in unrealized appreciation or depreciation reflected in trading profit.

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). At December 31, 2012, marketable securities owned, measured at fair value on a recurring basis, were level 1 assets of \$11,353.

### 8. Income Tax Provision

Deferred income taxes are recognized for differences between the basis of assets and liability for financial statement and income tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are not significant for the Company.

The Company is no longer subject to examinations by major tax jurisdictions for years before 2008.

### 9. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission's uniform net capital rule (Rule 15c3-1) which requires the Company to maintain a minimum net capital equal to or greater than \$50,000 and a ratio of aggregate indebtedness to net capital not exceeding 15 to 1, both as defined. At December 31, 2012, the Company's net capital was \$855,387, which exceeded the requirement by \$805,387.

### 10. Related Party Transactions

Under an overhead sharing agreement, HMG and the Company's related parties by common ownership, Hanson McClain Strategic Advisors ("HMSA") and Hanson McClain, Inc. ("HMI") share certain administrative services. These include office space, information technology, computer and telephone support, human resource management and accounting services. The Company reimburses related parties and is reimbursed by related parties for various payments made to vendors by one related party on behalf of the other. At December 31, 2012, \$14,654 was receivable from HMSA and \$19,344 was receivable from HMI for these services.

# Hanson McClain Retirement Network, LLC

## Notes to the Financial Statements

December 31, 2012

### 10. Related Party Transactions (continued)

HMI is a registered investment advisory firm that uses the Company's broker-dealer services for some of its accounts. HMI is the only registered investment advisor using the Company for broker-dealer services. The Company also collects fees revenues on behalf of HMI. The payable relating to these activities was \$76,852 at December 31, 2012.

The balance sheet reflects the following payables and receivables resulting from related party transactions:

<b>Due from Related Party</b>	
HMSA	\$14,654

<b>Due to Related Party</b>	
HMI, net of \$19,344 receivable	\$57,508

The Company's results of operations and financial position could differ significantly from those that would have been obtained if these entities were unrelated.

### 11. Financial Instruments with Off-Balance-Sheet Credit Risk

As a securities broker, the Company executes transactions with and on the behalf of customers. The Company introduces these transactions for clearance to a clearing firm on a fully disclosed basis.

In the normal course of business, the Company's customer activities involve the execution of securities transactions and settlement by its clearing broker. The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to nonperformance by its customers. These activities may expose the Company to off-balance-sheet risk in the event the customer is unable to fulfill its contracted obligations. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at the prevailing market price in order to fulfill the customer's obligation.

The Company seeks to control off-the-balance-sheet credit risk by monitoring its customer transaction and reviewing information it receives from its clearing broker on a daily basis and reserving for doubtful accounts when necessary.

### 12. Subsequent Events

The Company has evaluated subsequent events through February 22, 2013, the date which the financial statements were available to be issued.