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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

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

SEC  
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ANNUAL AUDITED REPORT  
FORM X-17A-5 FEB 28 2013  
PART III

SEC FILE NUMBER
8 - 51565

Washington DC  
405

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:

ISI CAPITAL, LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

747 THIRD AVENUE, SUITE 25B

(No. And Street)

NEW YORK,  
(City)

NY  
(State)

10017  
(Zip Code)

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

MARK FRAKER

(212) 972-8300  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

FULVIO & ASSOCIATES, LLP

ATTN: JOHN FULVIO, CPA

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

5 West 37<sup>th</sup> Street, 4<sup>th</sup> Floor  
(Address)

NEW YORK  
(City)

NY  
(State)

10018  
(Zip Code)

CHECK ONE:

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

PUBLIC

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 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.

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3/15

OATH OR AFFIRMATION

I, MARK FRAKER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ISI CAPITAL, 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:

Three horizontal lines for listing exceptions.

EDUARDO TORRADO
Notary Public, State of New York
No. 01TO6149081
Qualified in New York County
Commission Expires July 3, 2014

Signature of Eduardo Torrado
Notary Public

Signature of Mark Fraker

Signature

MANAGING MEMBER

Title

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

- (a) Facing page.
(b) Statement of Financial Condition.
(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 or 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 previous audit.
(o) Supplemental independent Auditors Report on Internal Accounting Control.

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

# FULVIO & ASSOCIATES, L.L.P.

*Certified Public Accountants*

JOHN FULVIO, CPA  
SUSAN E. VAN VELSON, CPA  
KENNETH S. WERNER, CPA

New York Office:  
5 West 37th Street, 4th Floor  
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February 22, 2013  
SEC  
Mail Processing  
Section  
FEB 28 2013  
Washington DC  
405

Securities and Exchange Commission  
Registration Branch  
Mail Stop 8031  
110 F Street, N.E.  
Washington, DC 20549

RE: ISI CAPITAL, LLC  
CRD# 46869 SEC #8-51565

Dear Sir or Madam:

Enclosed are two copies of the following reports pursuant to the filing requirements of Rule 17a-5 of the Securities and Exchange Commission:

1. Financial Statements and Supplementary Information as of December 31, 2012, Report on Internal Control Required by SEC Rule 17a-5(g)(1) for a Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3, and Independent Accountant's Report on Applying Agreed-Upon Procedures Related to an Entity's SIPC Assessment Reconciliation.
2. Statement of Financial Condition as of December 31, 2012.

It is our understanding that ISI CAPITAL, LLC's financial statements and supplementary schedules, which are bound separately from the statement of financial condition, shall be deemed confidential pursuant to the disclosure standards set forth in paragraph (e)(3) of Rule 17a-5.

Very truly yours,



Enclosures:

ISI CAPITAL, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2012

**FULVIO & ASSOCIATES, L.L.P.**

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*Certified Public Accountants*

ISI CAPITAL, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2012

**PUBLIC**

*Certified Public Accountants*

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of  
ISI Capital, LLC:

### ***Report on the Financial Statement***

We have audited the accompanying statement of financial condition of ISI Capital, 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 to the financial statement.

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

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 this 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 this financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in this financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of this 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 this 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 this 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 financial statement referred to above presents fairly, in all material respects, the financial position of ISI Capital, LLC as of December 31, 2012 in accordance with accounting principles generally accepted in the United States of America.

*Julie Associates, LLP*

New York, New York  
February 22, 2013

ISI CAPITAL, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2012

ASSETS

Cash and cash equivalents	\$ 17,912
Due from broker	157,204
Fixed assets, at cost (net of accumulated depreciation of \$80,169)	2,089
Prepaid expenses	12,351
Security deposit	<u>20,332</u>
 TOTAL ASSETS	 <u>\$ 209,888</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities:

Accounts payable and accrued expenses	\$ 32,039
Term loan	<u>524</u>
 TOTAL LIABILITIES	 <u>32,563</u>
 Liabilities subordinated to the claims of general creditors	 <u>64,000</u>
 Members' equity	 <u>113,325</u>
 TOTAL LIABILITIES AND MEMBERS' EQUITY	 <u>\$ 209,888</u>

The accompanying notes are an integral part of this financial statement.



ISI CAPITAL, LLC  
NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2012

NOTE 1. ORGANIZATION

ISI Capital, LLC (the "Company") was organized on October 21, 1998 in the State of New York as a limited liability company. Their Operating Agreement expires December 31, 2047. The Company, which began its operations in November 1999, became a registered general securities broker-dealer effective July 26, 1999, is subject to regulation by the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

Under the Company's original Operating Agreement, there were three classes of members: Class A, Class B and Class C. Class A members consist of the original members who formed and capitalized the Company. The Operating Agreement was amended effective January 22, 2001, to provide for Class D members. As of, and for the year ending December 31, 2012, there were no Class B, C or D members.

The Operating Agreement provides for Class A members to share profits and distributions in proportion to their membership interests. The Operating Agreement further provides that the Managers, who shall be elected by the vote of Class A members holding at least two-thirds of the membership interest, may allocate to themselves or any member, whether by formula or otherwise, in their sole and absolute discretion, an amount, either as a distribution of profits, an expense of the business, or both, that represents reasonable compensation for services rendered. For the year ended December 31, 2012, these payments in the amount of \$85,000 are included in guaranteed payments to partners on the statement of operations.

The Company transacts business with institutional customers primarily located in the United States of America.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Securities transactions and the related revenues and expenses are recorded on a trade date basis.

Fair Value Measurement

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures bears no material effect on the financial statements as presented.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America ("GAAP") requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent 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.

ISI CAPITAL, LLC  
NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2012  
(continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

NOTE 3. SIGNIFICANT GROUP CONCENTRATION OF RISK

In the normal course of its business, the Company enters into financial transactions where the risk of potential loss due to changes in market (market risk) or failures of the other party to a transaction to perform (counterparty risk) exceed the amounts recorded for the transaction.

The Company's policy is to continuously monitor its exposure to market and counterparty risk through the use of a variety of financial, position and credit exposure reporting and control procedures. In addition, the Company has a policy of reviewing the counterparty, primarily broker-dealers, banks and other financial institutions, with which it conducts business.

The clearing and depository operations for the Company's customer transactions are performed by its clearing broker pursuant to a clearance agreement. At December 31, 2012 the due from broker, as reflected on the statement of financial condition, consisted of a cash deposit due from this clearing broker.

NOTE 4. 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 \$142,553, which was \$42,553 in excess of its required net capital of \$100,000. The Company's net capital ratio was 0.23 to 1.

NOTE 5. SUBORDINATED BORROWING

At December 31, 2012, the Company had a borrowing from a member under a subordination agreement as follows:

Subordinated loan agreement bearing interest at 4.13% per annum, due December 31, 2016	<u>\$ 64,000</u>
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This borrowing is subordinated to the claims of general creditors, has been approved by FINRA, and is added to net capital in the net capital computation. Subordinated borrowings may only be repaid if, after giving effect to such repayment, the Company meets the SEC's and FINRA's minimum net capital requirements.

ISI CAPITAL, LLC  
NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2012  
(continued)

NOTE 6. COMMITMENTS AND CONTINGENCIES

On October 25, 2011 the Company entered into a lease amendment extending its lease on its main office space in New York City through December 31, 2014 with annual rental payments of \$95,368. The Company rents a second space on a month-to-month basis

As of December 31, 2012, future minimum lease rental payments are as follows:

For the years ending  
December 31:

2013	\$ 95,368
2014	<u>95,368</u>
Total	<u>\$ 190,736</u>

Occupancy expense under these two leases was \$135,808 for the year ended December 31, 2012.

The Company had no equipment rental commitments, no underwriting commitments, no contingent liabilities and had not been named as defendant in any lawsuit at December 31, 2012 or during the year then ended.

NOTE 7. TERM LOAN

On January 25, 2011, The Company modified an existing credit facility with Signature Bank and converted it into a Term Loan. The balance owed at that time, \$12,568, will be paid in twenty four monthly installments of approximately \$524. Interest on the remaining principal will be charged at the rate of Prime plus 1%, with a floor of 5%. At December 31, 2012, \$524 was outstanding and is recorded on the statement of financial condition. The final monthly payment was paid in January, 2013.

NOTE 8. INCOME TAXES

No provision for federal or state income taxes has been made since the Company is not a taxable entity. The members are individually liable for the taxes on their share of the Company's income or loss. The Company is, however, subject to the New York City Unincorporated Business Tax ("UBT"). Since the Company operated at a net loss for the year ended December 31, 2012, there is a deferred tax asset for UBT of approximately \$11,000 relating to these net operating losses. The Company has recognized a valuation allowance to offset the entire deferred tax asset.

The Company has determined that there are no uncertain tax positions which require adjustment or disclosure on the financial statements. The tax years that remain subject to examination by taxing authorities are 2009, 2010 and 2011.

ISI CAPITAL, LLC  
NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2012  
(continued)

NOTE 9.      FIXED ASSETS

Fixed assets are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over three or five years, the estimated useful life of the related assets. Depreciation expense for the year ended December 31, 2012 was \$5,490.

Fixed assets consist of the following:

Computers and office equipment	\$ 73,720
Custom software	8,538
Less: Accumulated depreciation	<u>(80,169)</u>
Net fixed assets	<u>\$ 2,089</u>

NOTE 10.      GUARANTEES

FASB ASC 460, *Guarantees*, requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying factor (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or non-occurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. This guidance also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement, as well as indirect guarantees of the indebtedness of others.

The Company has issued no guarantees effective at December 31, 2012 or during the year then ended.

NOTE 10.      SUBSEQUENT EVENTS

Subsequent events have been evaluated and no events have been identified which require disclosure.