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

SEC  
 Mail Processing  
 Section

MAR 04 2014

SEC FILE NUMBER
8-68960

Washington DC  
 404

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 January 21, 2013 AND ENDING December 31, 2013  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: EMG Capital, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

75 Rockefeller Plaza, 15th Floor

(No. and Street)

New York  
(City)

NY  
(State)

10019  
(Zip Code)

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

Maya Drutau

(212) 688-5974

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Halpern & Associates, LLC

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

218 Danbury Road  
(Address)

Wilton  
(City)

CT  
(State)

06897  
(Zip Code)

CHECK ONE:

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

**FOR OFFICIAL USE ONLY**

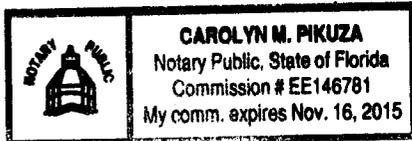
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

3/31/14

OATH OR AFFIRMATION

I, Maya Drutau, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of EMG Capital, LLC, as of December 31, 2013, 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:

\_\_\_\_\_  
\_\_\_\_\_



*ck Ry*

Signature

FINOP

Title

*[Handwritten Signature]*  
\_\_\_\_\_  
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).

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EMG CAPITAL, LLC

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2013

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**PUBLIC**

EMG Capital, LLC.

1450 Brickell Avenue, Suite 3090  
Miami, FL 33131  
Dir. Tel: (305) 358-0906  
Fax: (305) 358-0907  
sressler@emgfunds.com

Securities and Exchange Commission  
Registrations Branch  
Mail Stop 8031  
100 F Street, NE  
Washington, D. C. 20549

February 25, 2014

**SEC**  
**Mail Processing**  
**Section**  
MAR 04 2014  
**Washington DC**  
**404**

Re: EMG Capital, LLC  
Audit Date: December 31, 2013

Gentlemen:

On behalf of the above client, I enclose two copies of the following reports pursuant to the filing requirements of Rule 17a-5 of the Securities and Exchange Commission:

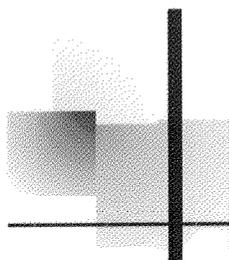
1. Financial Statements and Supplementary Schedule as of December 31, 2013 and Independent Auditors' Supplementary Report on Internal Accounting Control
2. Statement of Financial Condition (separately bound)

Since a separately bound copy of the Statement of Financial Condition is enclosed, my client requests confidential treatment of the Rule pursuant to Rule 17a-5(e)(3).

Very truly yours,



enclosures



# **Halpern & Associates, LLC**

Certified Public Accountants and Consultants

218 Danbury Road • Wilton, CT 06897 • (203) 210-7364 • FAX (203) 210-7370 • [info@Halpemassoc.com](mailto:info@Halpemassoc.com)

## INDEPENDENT AUDITORS' REPORT

To the Members of  
EMG CAPITAL, LLC

### **Report on the Statement of Financial Condition**

We have audited the accompanying statement of financial condition of EMG Capital, LLC (the "Company"), and the related notes as of December 31, 2013 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' 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 the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risk 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

The opening balances on the accompanying balance sheet of EMG Capital, LLC were unaudited as of January 23, 2013 and, accordingly, we do not express an opinion on them.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of EMG Capital, LLC as of December 31, 2013, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Halpern & Associates, LLC*

Wilton, Connecticut  
February 21, 2014

EMG CAPITAL, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2013

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ASSETS

Cash	\$ 129,926
Accounts receivable	26,781
Receivables from affiliate	287,944
Fixed assets at cost, net of depreciation of \$63,225	489
 TOTAL ASSETS	 <u>\$ 446,571</u>

LIABILITIES AND MEMBER'S EQUITY

DECEMBER 31, 2013

LIABILITIES

Accrued expenses and other liabilities	\$ 16,551
Due to affiliate	<u>25,099</u>

TOTAL LIABILITIES 41,650

MEMBER'S EQUITY 404,921

TOTAL LIABILITIES AND MEMBER'S EQUITY \$ 446,571

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

## EMG CAPITAL, LLC

### NOTES TO STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2013

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#### 1. ORGANIZATION AND NATURE OF BUSINESS

EMG Capital, LLC (the "Company") began doing business as a registered broker-dealer in securities with the Securities and Exchange Commission on January 24, 2013. The Company is a wholly-owned direct subsidiary of Emerging Managers Group, LP ("EMGLP"), a specialty investment adviser, registered with the S.E.C.

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 failure of the other party to the transaction to perform (credit risk) exceeds 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 credit standing of each broker-dealer, clearing organization, customer and/or other counterparty with which it conducts business.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

The Company maintains its books and records on an accrual basis in accordance with accounting principles generally accepted in the United States of America which require management to make estimates and assumptions in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates

Depreciation is charged to operations over the estimated useful lives of the assets on a straight-line basis

#### 3. REVENUE RECOGNITION

The Company earns income from administrative functions via a Financial and Administrative Services Agreement. The Company provides administrative functions related to the activities of the Selector Management Funds. The fees related to the agreement result in income to the firm of a minimum of \$300,000 annually. The Company also earns income through an allocation from the parent EMGLP. EMGLP provides services and receives income directly from three European based firms related to the marketing of Luxembourg based funds. EMGLP employees never deal directly with clients or investors in the Luxembourg funds. All communications are with financial representatives of these investors. While these services relate exclusively to the marketing of offshore funds to offshore consultants, in order to be conservative, 20% of the income and expenses related to these activities is allocated to the Company.

EMG CAPITAL, LLC

NOTES TO STATEMENT OF FINANCIAL CONDITION (Continued)

DECEMBER 31, 2013

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4. CASH AND CASH EQUIVALENTS

The Company maintains cash and cash equivalents with financial institutions. Funds deposited with a single bank are insured up to \$250,000 in the aggregate by the Federal Deposit Insurance Corporation ("FDIC"). Deposits with a single brokerage institution are insured up to \$500,000 per customer, including up to \$250,000 for cash deposits, by the Securities Investor Protection Corp. ("SIPC").

5. PROVISION FOR INCOME TAXES

The Company is a limited liability company and, as such, is treated as a partnership for income tax purposes. Accordingly, the taxable income or loss of the Company is reported by the Parent in its tax returns.

Uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Partnership's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense and liability in the current year. For the year ended December 31, 2013 management has determined that there are no material uncertain income tax positions.

6. RULE 15C3-3

The Company is exempt from the provisions of Rule 15c3-3 under paragraph (k)(2)(ii) in that the Company carries no margin accounts, promptly transmits all customer funds and delivers all securities received, does not otherwise hold funds or securities for or owe money or securities to customers.

7. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's Net Capital Rule 15c3-1 under paragraph (k)(2)(i), 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. At December 31, 2013, the Company had net capital of \$88,277 which exceeded the minimum requirement of \$5,000 by \$83,277. The Company's ratio of aggregate indebtedness to net capital ratio was .47 to 1.

EMG CAPITAL, LLC

NOTES TO STATEMENT OF FINANCIAL CONDITION (Continued)

DECEMBER 31, 2013

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8. LIABILITIES SUBORDINATED TO THE CLAIMS OF GENERAL CREDITORS

As of December 31, 2013, the Company had not entered into any subordinated loan agreements.

9. COMMITMENTS AND CONTINGENT LIABILITIES

The Company had no underwriting commitments, or contingent liabilities at December 31, 2013 or during the year then ended.

10. SUBSEQUENT EVENTS

Events have been evaluated through February 21, 2014, the date that these financial statements were available to be issued, and no further information is required to be disclosed.