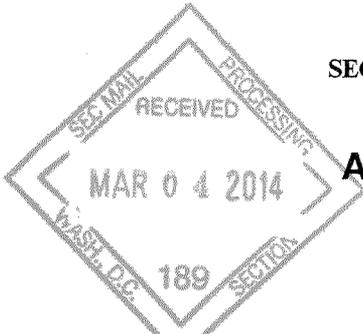


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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



14048704

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	March 31, 2016
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8-68711

# 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

REPORT FOR THE PERIOD BEGINNING 01/01/13 AND ENDING 12/31/13  
MM/DD/YY MM/DD/YY

### A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: CENTRAL STATES CAPITAL MARKETS, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

4200 W 83RD STREET, SUITE 101

(No. and Street)

PRAIRIE VILLAGE

KANSAS

66208-5304

(City)

(State)

(Zip Code)

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

J. DANIEL STEPP

(913) 766-6565

(Area Code - Telephone Number)

### B. ACCOUNTANT IDENTIFICATION

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

MILLER HAVILAND KETTER PC, PA

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

1901 WEST 47TH PLACE, STE 204

WESTWOOD

KANSAS

66205

(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)

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3/19

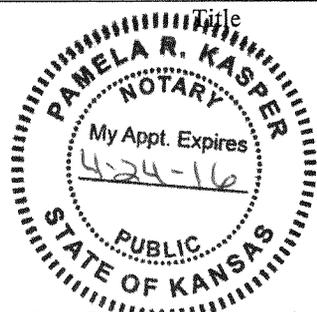
OATH OR AFFIRMATION

I, J. DANIEL STEPP, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CENTRAL STATES CAPITAL MARKETS, as of DECEMBER 31, 20 13, 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:

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

J. Daniel Stepp  
Signature  
MANAGING DIRECTOR, CEO

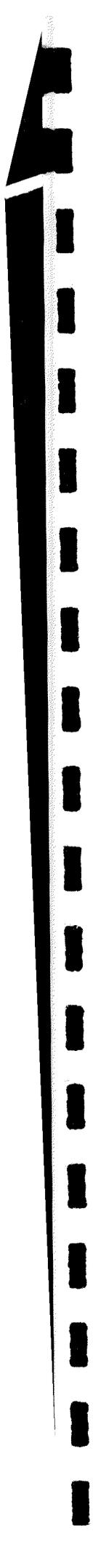
Pamela R. Kasper  
Notary Public



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).



**CENTRAL STATES CAPITAL  
MARKETS, LLC**

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
AS OF DECEMBER 31, 2013  
AND FOR THE YEAR THEN ENDED  
WITH INDEPENDENT AUDITORS' REPORT

This report is deemed to be

**CONFIDENTIAL**

in accordance with Rule 17a-5(e)(3).  
A statement of financial condition and  
supplementary report on the internal control  
structure bound separately has been filed with  
the Securities and Exchange Commission  
simultaneously herewith as a public document.

**CENTRAL STATES CAPITAL MARKETS, LLC  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
AS OF DECEMBER 31, 2013  
AND FOR THE YEAR THEN ENDED  
WITH INDEPENDENT AUDITORS' REPORT**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Shareholders of  
Central States Capital Markets, LLC  
Prairie Village, Kansas

We have audited the accompanying financial statements of

### **Central States Capital Markets, LLC**

which comprise the statement of financial condition as of December 31, 2013, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under 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**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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, 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 Central States Capital Markets, LLC as of December 31, 2013, and the results of its operations and its cash flows for the years 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 on pages 11 to 13 required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for the purpose of additional analysis and is not a required part of the 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 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 basic financial statements taken as a whole.



CERTIFIED PUBLIC ACCOUNTANTS

Westwood, Kansas  
February 27, 2014

**Central States Capital Markets LLC**  
**Statements of Financial Condition**  
**December 31, 2013**

**Assets**

Current assets:	
Cash and cash equivalents	587,914
Cash - restricted	350,000
Investment inventory	417,338
Prepaid expense	34,556
Accounts receivable	6,000
Total current assets	<u>1,395,808</u>
Office furniture and equipment, net of accumulated depreciation of \$87,003	98,414
Other assets:	
Goodwill	1,559,236
Deposits held	10,416
Total other assets	<u>1,668,066</u>
	<u>3,063,874</u>
<b>Liabilities and Members' Equity</b>	
Current liabilities:	
Accounts payable and accrued liabilities	229,668
Note payable	588,922
Total current liabilities	<u>818,590</u>
Commitments:	
	-
Members' equity:	
Members' capital account	2,476,362
Current year net loss	(233,076)
Total members' equity	<u>2,245,284</u>
	<u>3,063,874</u>

The accompanying notes are an integral part of these financial statements

**Central States Capital Markets LLC**  
**Statements of Operations and Changes in Members' Equity**  
**December 31, 2013**

Revenues:	
Commissions income	2,725,181
Syndication income	537,012
Interest income	38,365
Other income	559,802
Total revenue	<u>3,860,360</u>
Expenses:	
Depreciation	37,452
General administration	4,001,963
Total operating expenses	<u>4,039,415</u>
Net operating loss	(179,055)
Other income (expense):	
Interest expense	<u>(54,021)</u>
Total other income and (expense)	<u>(54,021)</u>
Loss before income taxes	(233,076)
Provision for income tax benefit	<u>-</u>
Net loss	<u><u>(233,076)</u></u>
Members' equity - beginning	2,373,360
Permanent capital contributions	105,000
Net loss	<u>(233,076)</u>
Members' equity - ending	<u><u>2,245,284</u></u>

The accompanying notes are an integral part of these financial statements

**CENTRAL STATES CAPITAL MARKETS, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Operating activities:</b>	
Net loss	\$ (233,076)
Adjustments to reconcile net loss from operations to net cash provided in operating activities:	
Depreciation	37,452
Changes in operating assets:	
(Increase) in accounts receivable	(6,000)
Decrease in inventory	343,339
(Increase) in prepaid expenses	(2,887)
Decrease in deposits	4,890
Changes in operating liabilities:	
Increase in accounts payable and accrued expenses	79,674
Net cash provided in operating activities	<u>223,392</u>
<b>Investing activities:</b>	
Purchase of fixed assets	(10,746)
Net cash (used) in investing activities	<u>(10,746)</u>
<b>Financing activities:</b>	
Payments on note payable, net	(343,849)
Permanent capital contributions	105,000
Net cash provided by financing activities	<u>(238,849)</u>
Net change in cash	(26,205)
Cash, December 31, 2012	964,119
Cash, December 31, 2013	<u>\$ 937,114</u>
<b>Supplemental cash flow information:</b>	
Interest paid	\$ 28,467
Income taxes paid	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**CENTRAL STATES CAPITAL MARKETS, LLC**

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL  
CREDITORS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

There were no liabilities subordinated to the claims of creditors at the beginning of, end of, or at any time during the year ended December 31, 2013.

The accompanying notes are an integral part of these financial statements

**CENTRAL STATES CAPITAL MARKETS, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**Note 1 – Nature of Business**

Central States Capital Markets, LLC was incorporated in the State of Kansas on August 31, 2010 and is registered with the Securities and Exchange Commission (“SEC”) and a member of the Financial Industry Regulatory Authority (“FINRA”). All membership interests in the Company are owned by Central States Financial Services, LLC (the “Parent”).

**Note 2 – Summary of Accounting Policies**

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 amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates, but management does not believe such differences will materially affect the Company’s financial position, results of operations, or cash flows.

Fair value of financial instruments

At December 31, 2013, our financial instruments consist of cash, accounts receivable and accounts payable. Interest rates currently available to us for long-term debt with similar terms and remaining maturities are used to estimate fair value of such financial instruments. Accordingly, since interest rates on substantially all of our debt are variable, market based rates, the carrying amounts are a reasonable estimate of fair value. See note 6 for further details.

Revenue recognition

The Company recognizes commissions from its broker services based on a settlement date basis. Fees billed and collected before services are performed are included in deferred revenue. Expenses are recorded when the obligation is incurred.

Cash and cash equivalents

The Company maintains cash balances in interest and non-interest-bearing accounts. For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

Property and Equipment

Property and equipment is stated at cost, and is depreciated over estimated useful lives using primarily the straight line method for financial reporting purposes. Major renewals and betterments are capitalized, and maintenance and repairs, which do not improve or extend the lives of the respective assets, are charged against earnings in the period in which they are incurred. Useful lives range from three to five years. We evaluate equipment at least annually for impairment. No such impairment was needed during the year ended December 31, 2013.

**Note 3 – Net capital requirement**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital, as defined, equal to the greater of \$250,000 or 6 2/3% of aggregate debt balances, as defined in the SEC’s Reserve Requirement Rule (Rule 15c3-3). At December 31, 2013, the Company had net capital of \$520,860 and was \$270,860 in excess of its required net capital of \$250,000.

**Note 4 – Cash and equivalents, restricted – clearing broker deposits**

The Company has entered into securities clearing agreements with Pershing, LLC. Pursuant to this agreement, the Company is required to maintain a deposit account with the clearing firm in an amount determined based on the Company's transaction volume.

Pursuant to the terms of the Company's Commercial Pledge Agreement and Promissory Note with Security Bank of Kansas City, the Company also maintains a money market account with the bank as additional collateral to its promissory note.

As of December 31, 2013, the Company maintained deposits of \$100,000 and \$250,000, respectively in connection with its clearing agreement and promissory note.

**Note 5 – Income taxes**

The Company is a wholly owned subsidiary of Central States Financial Services, LLC and therefore is included in the consolidated federal and state tax returns filed by Central States Financial Services, LLC, its parent company. As of December 31, 2013, there is a net operating loss of approximately \$233,076 available for consolidation. The members of a limited liability company are taxed on their proportionate share of the Company's taxable income, therefore; no provision or liability for federal or state income taxes has been included in the financial statements for the year ended December 31, 2013.

**Note 6 – Fair value measurements**

The Company adopted ASC Topic 820-10 to measure the fair value of certain of its financial assets. ASC Topic 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability. The three levels of the fair value hierarchy under ASC Topic 820-10 are described below:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2 – Valuations based on quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.

Level 3 – Valuations based on inputs that are supportable by little or no market activity and that are significant to the fair value of the asset or liability. (The Company has no level 3 assets or liabilities.)

The following table presents a reconciliation of all assets and liabilities measured at fair value on a recurring basis as of December 31, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments	-	417,338	
Other assets	-	6,000	
Goodwill	-		1,559,236
Note payable	-	588,922	

**Note 7 – Note payable**

On December 31, 2010, the Company entered into a Commercial Pledge Agreement and Promissory Note with Security Bank of Kansas City for the principal sum of \$5,000,000. The promissory note matured on December 31, 2011 and bears interest a variable rate equal to Security Bank of Kansas City's quoted base rate, currently 3.25%, plus 1.75%. During the year ended December 31, 2013 the interest remained constant at 5.0%. On March 15, 2013, Security Bank issued a one-year extension agreement whereby extending the maturity to March 31, 2014. The promissory note is collateralized by the Company's depository accounts and marketable securities to the extent the unpaid principal balance. As of December 31, 2013, the principal balance outstanding was \$588,922 and interest expensed in connection with the loan totaled \$54,021.

**Note 8 – Commitments and contingencies**

Effective January 1, 2011, the Company assumed two long-term lease agreements for office space located in Kansas City, Missouri and Wichita, Kansas in connection with its December 31, 2010 Acquisition Agreement. The Kansas City office lease expired on April 30, 2013. The Wichita lease expires on November 30, 2014 with no stated renewal options. On June 2, 2012 the Company entered into an agreement with Corinth Property, LLC for commercial office space. The members of Central States Financial Services, LLC have a one-third interest in the real property which is subject to the lease agreement. Central States Financial Services, LLC owns 100% interest in Central States Capital Markets, LLC.

The annual lease payments due pursuant to this agreement are as follows:

Year Ending December 31,	Amount
2014	118,269
2015	75,000
2016	75,000
2017	75,000
	<u>343,269</u>

**Note 9 – Subsequent events**

The Company has evaluated all subsequent events through the date the financial statements were issued, and determined that there are no subsequent events to record or disclose

**SUPPLEMENTAL INFORMATION**

**PURSUANT TO RULE 17A-5 OF THE SECURITIES EXCHANGE ACT OF 1934**

**CENTRAL STATES CAPITAL MARKETS, LLC**  
**SCHEDULE I – COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2013**

Net Capital:		
Total members' equity	\$	2,245,285
Ownership equity not allowable for net capital:		
Fixed assets, net of accumulated depreciation		98,413
Goodwill		1,559,236
Prepaid expenses		34,556
Other Assets		16,415
Net capital before haircuts on investments		<u>536,665</u>
Haircuts on investments		15,805
**Net capital	\$	<u>520,860</u>
Aggregate indebtedness	\$	<u>405,954</u>
Computation of Basic Net Capital Requirement		
Minimum net capital required	\$	<u>250,000</u>
Excess of net capital	\$	<u>363,062</u>
Ratio : aggregate indebtedness to net capital		<u>0.7794</u>

\*\* A reconciliation between the audited computation of Net Capital and the unaudited computation is provided in the Part IIA FOCUS.

**CENTRAL STATES CAPITAL MARKETS, LLC**

**SCHEDULE II – COMPUTATION OF DETERMINATION OF RESERVE REQUIREMENTS  
PURSUANT TO RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION**

DECEMBER 31, 2013

The Company did not make a computation for determining the reserve requirements pursuant to Rule 15c3-3 as they are exempt pursuant to subparagraph (k)(2)(ii) of Rule 15c3-3.

**CENTRAL STATES CAPITAL MARKETS, LLC**

**SCHEDULE III – INFORMATION RELATING TO POSSESSION OR CONTROL  
REQUIREMENT PURSUANT TO RULE 15c3-3 OF THE SECURITIES AND EXCHANGE  
COMMISSION**

DECEMBER 31, 2013

The Company did not supply information relating to the possession or control requirement pursuant to Rule 15c3-3 as they did not maintain possession or control of any customer funds or securities. All customer transactions are cleared on a fully disclosed basis through another broker-dealer.



**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5**

Board of Directors  
Central States Capital Markets, LLC

In planning and performing our audit of the financial statements of Central States Capital Markets, LLC, as of and for the years ended December 31, 2013, 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 Central States Capital Markets, LLC, 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 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2013, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, 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.



**CERTIFIED PUBLIC ACCOUNTANTS**

Westwood, Kansas  
February 27, 2014



**INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES**

To the Board of Directors  
Central States Capital Markets, LLC

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we 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, 2013, which were agreed to by Central States Capital Markets, 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 Central States Capital Markets, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Central States Capital Markets, LLC's management is responsible for Central States Capital Markets, 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, we 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 we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2013, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2013, 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.

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

A handwritten signature in black ink that reads 'Miller Haviland Ketter P.C. PA'. The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Westwood, Kansas  
February 27, 2014

**SIPC-7**

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION  
P.O. Box 92185 Washington, D.C. 20090-2185  
202-371-8300

**General Assessment Reconciliation**

For the fiscal year ended 12/31/2013  
(Read carefully the instructions in your Working Copy before completing this Form)

**SIPC-7**

(33-REV 7/10)

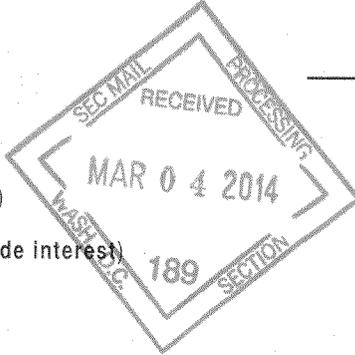
**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

068711 FINRA DEC  
CENTRAL STATES CAPITAL MARKETS LLC 16\*16  
4200 W 83RD ST STE 101  
PRAIRIE VILLAGE KS 66208-5314

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.



- 2. A. General Assessment (item 2e from page 2) \$ 9,499.00
- B. Less payment made with SIPC-6 filed (exclude interest) 7/31/2013 ( 3,852.60 )  
Date Paid
- C. Less prior overpayment applied ( \_\_\_\_\_ )
- D. Assessment balance due or (overpayment) \_\_\_\_\_
- E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum \_\_\_\_\_
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 5,646.40
- G. PAID WITH THIS FORM:  
Check enclosed, payable to SIPC  
Total (must be same as F above) \$ 5,646.40
- H. Overpayment carried forward \$( \_\_\_\_\_ )

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Central States Capital Markets LLC

(Name of Corporation, Partnership or other organization)

(Authorized Signature)

Dated the 26th day of February, 20 14

Managing Director - CEO

(Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

**SIPC REVIEWER**

Dates: \_\_\_\_\_  
Postmarked \_\_\_\_\_ Received \_\_\_\_\_ Reviewed \_\_\_\_\_  
Calculations \_\_\_\_\_ Documentation \_\_\_\_\_ Forward Copy \_\_\_\_\_  
Exceptions:  
Disposition of exceptions:

**DETERMINATION OF "SIPC NET OPERATING REVENUES"  
AND GENERAL ASSESSMENT**

Amounts for the fiscal period  
beginning 1/1/2013  
and ending 12/31/2013

Item No.	Eliminate cents
2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)	\$ <u>3,860,360</u>
2b. Additions:	
(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.	_____
(2) Net loss from principal transactions in securities in trading accounts.	_____
(3) Net loss from principal transactions in commodities in trading accounts.	_____
(4) Interest and dividend expense deducted in determining item 2a.	_____
(5) Net loss from management of or participation in the underwriting or distribution of securities.	_____
(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.	_____
(7) Net loss from securities in investment accounts.	_____
Total additions	<u>\$3,860,360</u>
2c. Deductions:	
(1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from 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.	_____
(2) Revenues from commodity transactions.	_____
(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.	_____
(4) Reimbursements for postage in connection with proxy solicitation.	_____
(5) Net gain from securities in investment accounts.	_____
(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.	_____
(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).	_____
(8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):	_____
	<u>\$28,500.00</u>
<hr/>	
(Deductions in excess of \$100,000 require documentation)	
(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.	\$ <u>32,296.00</u>
(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).	\$ _____
Enter the greater of line (i) or (ii)	_____
Total deductions	<u>\$60,796.00</u>
2d. SIPC Net Operating Revenues	<u>\$ 3,799,564.00</u>
2e. General Assessment @ .0025	<u>\$ 9,499.00</u>

(to page 1, line 2.A.)

REFERENCE NO.	DESCRIPTION	INVOICE DATE	INVOICE AMOUNT	DISCOUNT TAKEN	AMOUNT PAID
02262014	Annual Assessment 2013	2/26/14	5,646.40		5,646.40
CHECK DATE	CHECK NO.	PAYEE		DISCOUNTS TAKEN	CHECK AMOUNT
2/27/14	3164	SIPC			\$5,646.40

**Central States Capital Markets LLC**  
 4200 W. 83Rd Street Ste 101  
 Prairie Village, Kansas 66208

Check Number: 3164

**Security Bank of Kansas City**  
 701 Minnesota Avenue  
 Kansas City, Kansas 66101  
 18-92/1010

**3164**  
FRALDARNOR

DATE

Feb 27, 2014  
 AMOUNT

Memo:

\$ 5646.40

PAY TO THE ORDER OF: Five Thousand Six Hundred Forty-Six and 40/100 Dollars  
 SIPC  
 P O Box 92185  
 Washington, DC 20090-2185



AUTHORIZED SIGNATURE

⑈003164⑈ ⑆101000925⑆ 10102307836⑈

Central States Capital Markets LLC

3164

REFERENCE NO.	DESCRIPTION	INVOICE DATE	INVOICE AMOUNT	DISCOUNT TAKEN	AMOUNT PAID
02262014	Annual Assessment 2013	2/26/14	5,646.40		5,646.40
CHECK DATE	CHECK NO.	PAYEE		DISCOUNTS TAKEN	CHECK AMOUNT
2/27/14	3164	SIPC			\$5,646.40