

90  
3/20



14048941

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

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

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

Mail Processing  
Section  
MAR 04 2014

SEC FILE NUMBER  
8-68231

8-44162

**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: Syndicated Capital, Inc.

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

1299 Ocean Avenue Second Floor

(No. and Street)

Santa Monica  
(City)

California  
(State)

90401  
(Zip Code)

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

Faith Lee

310-255-4490  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Brian W. Anson

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

18425 Burbank Blvd., #606  
(Address)

Tarzana  
(City)

California  
(State)

91356  
(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)

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.

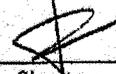
SEC 1410 (08-02)

90  
3/20

OATH OR AFFIRMATION

I, Faith Lee, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Syndicated Capital, Inc., 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:

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

  
Signature  
COMPLIANCE OFFICER  
Title

\_\_\_\_\_  
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).

**CALIFORNIA JURAT WITH AFFIANT STATEMENT**

GOVERNMENT CODE § 8202

- See Attached Document (Notary to cross out lines 1-6 below)
- See Statement Below (Lines 1-6 to be completed only by document signer[s], not Notary)

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

4 \_\_\_\_\_

5 \_\_\_\_\_

6 \_\_\_\_\_

Signature of Document Signer No. 1 \_\_\_\_\_

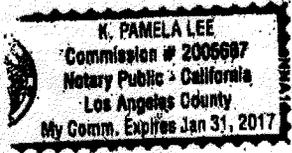
Signature of Document Signer No. 2 (if any) \_\_\_\_\_

State of California  
 County of LOS ANGELES

Subscribed and sworn to (or affirmed) before me  
 on this 3 day of JANUARY, 20 14,  
Date Month Year  
 by  
 (1) FAITH LEE  
Name of Signer

proved to me on the basis of satisfactory evidence  
 to be the person who appeared before me (.) (,)  
 (and  
 (2) \_\_\_\_\_  
Name of Signer

proved to me on the basis of satisfactory evidence  
 to be the person who appeared before me.)  
 Signature K. Pamela Lee  
Signature of Notary Public



Place Notary Seal Above

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Further Description of Any Attached Document**

Title or Type of Document: ANNUAL AUDITED REPORT

Document Date: 01/01/13 - 12/31/13 Number of Pages: 2

Signer(s) Other Than Named Above: NONE

<b>RIGHT THUMBPRINT OF SIGNER #1</b> Top of thumb here	<b>RIGHT THUMBPRINT OF SIGNER #2</b> Top of thumb here

SYNDICATED CAPITAL, INC.

Statement of Financial Condition  
December 31, 2013

ASSETS

Cash	\$ 1,125,258
Accounts receivable	155,827
Receivable from clearing organizations	226,009
Deposits from clearing organizations	150,934
Marketable securities, at market value	1,173,071
Other assets	147,223
	<hr/>
Total assets	\$ 2,978,322

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES:

Accounts payable	122,499
Commissions payable	216,834
Payable to clearing organizations	55,529
	<hr/>
Total liabilities	\$ 394,862

STOCKHOLDERS' EQUITY:

Common stock, \$1 par value. 200,000 shares authorized, 112,000 shares issued, and outstanding	112,000
Additional paid in capital	450,000
Retained earnings	2,021,460
	<hr/>
Total stockholders' equity	2,583,460
	<hr/>
Total liabilities and stockholders' equity	\$ 2,978,322

# SYNDICATED CAPITAL, INC.

## Notes to Financial Statements December 31, 2013

### Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### General

Syndicated Capital, Inc (the "Company") was registered as an introducing broker-dealer under the Securities and Exchange Act of 1934, and is a member of the Financial Industry Regulatory Authority ("FINRA"), the Securities Investor Protection Corporation ("SIPC"), and the Municipal Securities Rulemaking Board ("MSRB").

The Company conducts business on a fully disclosed basis whereby the execution and clearance of trades are handled by clearing organizations. The Company does not hold customer funds and/or securities.

The Company primarily earns commissions through the sale of equities, mutual funds, variable annuities, and private placements. The Company has about 2,700 clients located throughout the United States. No one client comprises a significant revenue source.

#### Summary of significant accounting policies

The presentation 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 assets and liabilities and disclosures 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.

For purposes of statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The company includes money market accounts as cash equivalents.

Securities transactions are recorded on a trade date basis with the related commission revenues and expenses also recorded on a trade date basis, including proprietary investment transactions.

Commissions receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

Marketable securities owned by the Company are accounted for at market value, with market value based on current published market prices. The resulting difference between cost and market (or fair value) is included in income.

Equipment is stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized. Equipment is depreciated over its estimated useful life of five (5) years by the straight line method.

SYNDICATED CAPITAL, INC.

Notes to Financial Statements  
December 31, 2013

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

The Company, with the consent of its Stockholder, has elected to be an S Corporation and accordingly, has its income taxed under Sections 1361-1379 of the Internal Revenue Code. Subchapter S of the Code provides that the Stockholder, rather than the Company, is subject to tax on the Company's taxable income. Therefore, no provision or liability for Federal Income Taxes is included in these financial statements. The State of California has similar regulations, although there exists a provision for a minimum Franchise Tax and a tax rate of 1.5% over the minimum franchise fee of \$800.

The Company has elected to report the statement of changes in stockholder's equity without disclosing the accumulated adjustment account and other equity accounts pertinent to S Corporation. There is no financial impact to these financial statements.

The Company adopted SFAS No. 130, "Reporting Comprehensive Income," which requires that an enterprise report, by major components and as a single total, the changes in equity. There were no other comprehensive income items for the year ended December 31, 2013.

Management has reviewed subsequent events through February 21, 2014.

The Company is subject to audit by the taxing agencies for years ending December 31, 2010, 2011 and 2012.

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritized the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820 are used to measure fair value.

SYNDICATED CAPITAL, INC.

Notes to Financial Statements  
December 31, 2013

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.

Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)

Note 2: DEPOSITS WITH CLEARING ORGANIZATIONS

The Company has entered into a clearing agreement with Pershing, LLC, a BNY Securities Group Co., who carries the accounts of the customers of the Company. The Company has deposited \$100,000 with its clearing firm as security for its transactions with them. The balance at December 31, 2013, includes interest earned for a deposit total of \$100,796. The Company also maintains other cash and money market accounts at the clearing organization.

The Company has monies on deposit with Wedbush Securities and is required to maintain a deposit with them having a market value of at least \$50,000. The balance at December 31, 2013, includes interest earned for a deposit total of \$50,138.

Note 3: RECEIVABLE FROM NON-CUSTOMERS, NET

Net non-customer receivables consist of various receivables from current and former brokers, which are unsecured, non-interest bearing and due on demand. The account is recorded net of an allowance for bad debts of \$121,948, due to the default on a note receivable from a former broker.

Note 4: INCOME TAXES

As discussed in the Summary of Significant Accounting Policies (Note 1), the Company has elected the S Corporate Tax status, therefore no Federal Income Tax provision is provided.

The tax provision at December 31, 2013 consists of the following:

California	\$	3,000
Other states		2,709
Total Income Tax Provision	\$	5,709

# SYNDICATED CAPITAL, INC.

## Notes to Financial Statements December 31, 2013

### Note 5: RELATED PARTY TRANSACTIONS

The Company shares facilities with an investment advisory firm whose chairman is one of the Company's shareholders. The Company helps distribute a mutual fund for which the investment advisory firm is an investment advisor. The Company receives less than 1% of its revenue from this investment advisory firm.

### Note 6: COMMITMENTS AND CONTINGENCIES

The Company has an operating lease covering its offices in California through December 16, 2014. Minimum future rental commitments are:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2014	13,200

On February 27, 2013, the Company was named as a respondent in a FINRA arbitration case alleging a broker, who was employed by the Company, was involved in the sale of promissory notes through wrongful misrepresentation and material omission. The Company's counsel states the case is in the initial fact finding process, and liability cannot be determined at this time. The arbitration hearing is scheduled for later this year.

### Note 7: CONCENTRATIONS OF CREDIT RISK

The Company is engaged in various trading and brokerage activities in whose counterparties primarily include broker/dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends upon the creditworthiness of the counterparty or issuer of the instrument. To mitigate the risk of loss, the Company maintains its accounts with credit worthy customers and counterparties.

### Note 8: NET CAPITAL REQUIREMENTS

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 and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Net capital and aggregate indebtedness change day to day, but on December 31, 2013 the Company had net capital of \$1,687,496, which was \$1,587,496 in excess of its required net capital of \$100,000, and the Company's ratio of aggregate indebtedness \$394,862 to net capital was 0.23 to 1, which is less than the 15 to 1 maximum ratio required of a broker/dealer.

**SYNDICATED CAPITAL, INC.**

**Table of Contents**

	<b>PAGE</b>
<b>SEC Form X-17A-5</b>	<b>1</b>
<b>Report of Independent Registered Public Accountant</b>	<b>2</b>
<b>Statement of Financial Condition</b>	<b>3</b>
<b>Notes to Financial Statements</b>	<b>4-7</b>

**BRIAN W. ANSON**  
*Certified Public Accountant*

18425 Burbank Blvd., Suite 606, Tarzana, CA 91356 • Tel. (818) 401-8800 • Fax (818) 401-8818

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Syndicated Capital, Inc.  
Santa Monica, California

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

I have audited the accompanying statement of financial condition of Syndicated Capital, Inc. as of December 31, 2013 and the related for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to 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**

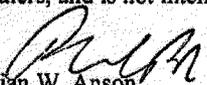
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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 opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Syndicated Capital, Inc. as of December 31, 2013 and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other matter**

This opinion is intended solely for the information and use of the board of directors, the Securities and Exchange Commission, and other regulatory agencies which 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.

  
Brian W. Anson  
Certified Public Accountant  
Tarzana, California  
February 21, 2014