

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

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



14049962

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

SEC FILE NUMBER  
8-40292

RECEIVED  
MAR 18 2014  
SECURITIES AND EXCHANGE COMMISSION

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:

CLARK DODGE & CO., INC

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

TWO GANNETT DRIVE, SUITE 2-410

(No. and Street)

WHITE PLAINS

(City)

New York

(State)

10604

(Zip Code)

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

JOSEPH DIMAURO

(914) 694-2390

(Area Code - Telephone No.)

OFFICIAL USE ONLY  
FIRM ID. NO.

B. ACCOUNTANT IDENTIFICATION

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

VB&T CERTIFIED PUBLIC ACCOUNTANTS, PLLC

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

250 West 57<sup>th</sup> Street Suite 1632

(Address)

New York

(City)

New York

(State)

10107

(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).

4/15/14

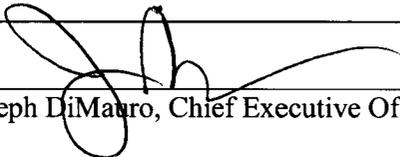
## OATH OR AFFIRMATION

I, Joseph DiMauro, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Clark Dodge & Co., Inc (Company), 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:

---

---

---

  
Joseph DiMauro, Chief Executive Officer

  
Notary Public

SHUI KAM LEI, NOTARY PUBLIC  
State of New York, NO. 01LE6161424  
Qualified in Kings County  
Commission Expires February 26, 2015

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

**Page**

- Independent Certified Public Accountants' Report.
- (a) Facing page.
- (b) Balance Sheet.
- (c) Statement of Operations.
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholder's Equity.
- (f) Statement of Changes in Subordinated Liabilities (not applicable).
- (x) Notes to Financial Statements.
- (g) Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934.
- (h) Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.
- (i) Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 (not applicable).
- (j) A Reconciliation, including Appropriate Explanations, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Rule 15c3-3 (not required).
- (k) A Reconciliation Between the Audited and Unaudited Consolidated Statements of Financial Condition With Respect to Methods of Consolidation (not applicable).
- (l) An 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 (Supplemental Report on Internal Control).

**CLARK DODGE & CO., INC.**  
**(SEC I.D. No. 8-40292)**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2013  
AND  
INDEPENDENT AUDITORS' REPORT  
AND  
SUPPLEMENTAL REPORT ON INTERNAL CONTROL**

**CLARK DODGE & CO., INC.**

**December 31, 2013**

**Table of Contents**

|   |         |
|---|---------|
| <b>Independent Auditor's Report</b>   | 1 - 2   |
| <b>Financial Statements</b>   |         |
| Statement of Financial Condition  | 3       |
| Statement of Operations   | 4       |
| Statement of Changes in Stockholder's Equity  | 5       |
| Statement of Cash Flows   | 6       |
| Notes to Financial Statements   | 7 - 11  |
| <b>Supplementary Information</b>  |         |
| Schedule I - Computation of Net Capital under rule 15c3-1 of<br>the Securities and Exchange Commission.<br>- Computation of Basic Net Capital Requirement | 12      |
| Schedule II - Information Relating to the Possession or<br>Control Requirements   | 13      |
| SIPC Supplemental Report  | 14 - 15 |
| <b>Independent Auditor's Report on Internal Control Structure</b>   | 16 - 17 |



Certified Public Accountants, PLLC

250 W57th Street  
Suite 1632  
New York, NY 10107  
T:1.212.448.0010  
F:1.212.448.0053

E-mail:  
[fvb@getcpa.com](mailto:fvb@getcpa.com)  
[rtse@getcpa.com](mailto:rtse@getcpa.com)  
[info@getcpa.com](mailto:info@getcpa.com)  
[www.getcpa.com](http://www.getcpa.com)

## **INDEPENDENT AUDITORS' REPORT**

To the Shareholder of  
Clark Dodge & Co., Inc.

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

We have audited the accompanying financial statements of Clark Dodge & Co., Inc., (the Company) which comprise the statement of financial condition as of December 31, 2013, and the related statements of operations, changes in Stockholder's 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 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 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 auditors' 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.

Registered with the Public Company Accounting Oversight Board  
Member of the American Institute of Certified Public Accountants

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clark Dodge & Co., Inc., as of December 31, 2013, and the results of its operations and its cash flows for the year 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 financial statements as a whole. The information contained on Schedule I and II is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. 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 on Schedules I and II 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 to 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 on Schedules I and II is fairly stated in all material respects in relation to the financial statements as a whole.

*VB&T CERTIFIED PUBLIC ACCOUNTANTS, PLLC*

New York, NY  
March 12, 2014

**Registered with the Public Company Accounting Oversight Board  
Member of the American Institute of Certified Public Accountants**

**CLARK DODGE & CO., INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2013**

ASSETS

|                             |    |                       |
|-----------------------------|----|-----------------------|
| Cash and cash equivalents   | \$ | 58,663                |
| Due from clearing broker    |    | 124,118               |
| Due from employees          |    | 202,624               |
| Prepaid expenses            |    | 97,617                |
| Other receivable            |    | 75,782                |
| Securities at market        |    | 734                   |
| Deposit with clearing firm  |    | 50,000                |
| Property and equipment, net |    | 62,819                |
| Security deposit            |    | 10,619                |
| Total Assets                | \$ | <u><u>682,976</u></u> |

LIABILITIES AND STOCKHOLDER'S EQUITY

|                                       |    |                |
|---------------------------------------|----|----------------|
| Accounts payable and accrued expenses | \$ | 204,067        |
| Taxes payable                         |    | 1,900          |
| Total Liabilities                     |    | <u>205,967</u> |

Contingencies -

Stockholder's Equity:

|  |    |                       |
|--|----|-----------------------|
| Common stock   |    |                       |
| 100 shares authorized and outstanding; \$5 par value |    | 500                   |
| Additional paid-in capital                           |    | 4,589,054             |
| Accumulated (deficit)                                |    | (4,112,545)           |
| Total Stockholder's Equity                           |    | <u>477,010</u>        |
| Total Liabilities and Stockholder's Equity           | \$ | <u><u>682,976</u></u> |

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

**CLARK DODGE & CO., INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**Revenues:**

|                              |                         |
|------------------------------|-------------------------|
| Commissions                  | \$ 2,326,081            |
| Clearing rebates             | 192,653                 |
| Management fees              | 38,895                  |
| Annuities and life insurance | 38,050                  |
| Income - mutual funds        | 64,221                  |
| Investment banking fees      | 451,739                 |
| Loss on securities           | <u>(6,714)</u>          |
| <b>Total Revenue</b>         | <u><u>3,104,925</u></u> |

**Costs and Expenses:**

|                                  |                         |
|----------------------------------|-------------------------|
| Commissions                      | 1,871,052               |
| Clearing and execution charges   | 225,848                 |
| Office salaries                  | 1,246,526               |
| Occupancy costs                  | 238,499                 |
| Regulatory and license fees      | 131,699                 |
| Insurance                        | 89,200                  |
| Officer salary                   | 49,011                  |
| Office and supplies              | 79,624                  |
| Professional and consulting fees | 233,325                 |
| Advertising and promotion        | 3,402                   |
| Repairs - equipment and other    | 42,285                  |
| Telephone                        | 30,527                  |
| Depreciation                     | 21,998                  |
| Data services                    | 49,008                  |
| Interest expense                 | 3,012                   |
| Travel and entertainment         | 39,977                  |
| Taxes                            | <u>2,270</u>            |
| <b>Total Costs and Expenses</b>  | <u><u>4,357,263</u></u> |

**Net Operating Loss** (1,252,338)

**Other Income (Expense)**

|                                     |            |
|-------------------------------------|------------|
| Interest and money market dividends | <u>341</u> |
|-------------------------------------|------------|

**Net (Loss)** \$ (1,251,997)

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

**CLARK DODGE & CO., INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

|                             | Shares of<br>Common<br>Stock | Common<br>Stock | Additional<br>Paid-in<br>Capital | Accumulated<br>(deficit) | Total Stockholder's<br>Equity |
|-----------------------------|------------------------------|-----------------|----------------------------------|--------------------------|-------------------------------|
| Balances, January 1, 2013   | 100                          | \$ 500          | \$ 3,275,979                     | \$ (2,860,548)           | \$ 415,931                    |
| Capital contributions       |                              |                 | 1,313,075                        |                          | 1,313,075                     |
| Net (loss) for the year     |                              |                 |                                  | (1,251,997)              | (1,251,997)                   |
| Balances, December 31, 2013 | 100                          | \$ 500          | \$ 4,589,054                     | \$ (4,112,545)           | \$ 477,009                    |

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

**CLARK DODGE & CO., INC.**  
**STATEMENTS OF CASH FLOW**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

|   |                    |
|---|--------------------|
| Cash Flows Used In Activities:  |                    |
| Net (Loss)  | \$ (1,251,997)     |
| Adjustment to reconcile net loss to<br>net cash (used) by operating activities: |                    |
| Depreciation  | 21,998             |
| Changes in operating assets and liabilities                                     |                    |
| (Increase) in due from employees  | (23,534)           |
| (Increase) in prepaid expenses  | (28,718)           |
| Decrease in securities at market  | 226                |
| (Increase) in other receivable  | (6,501)            |
| (Increase) in due from clearing broker  | (18,758)           |
| Increase in accounts payable and accrued expenses                               | (111,332)          |
| Net Cash (Used) by Operating Activities   | <u>(1,418,616)</u> |
| Cash Flows Used In Investing Activities:  |                    |
| Equipment purchased   | <u>(43,946)</u>    |
| Net Cash (Used) by Investing Activities   | <u>(43,946)</u>    |
| Cash Flows From Financing Activities  |                    |
| Capital contributions   | <u>1,313,075</u>   |
| Net Cash Provided by Financing Activities                                       | 1,313,075          |
| Net Decrease In Cash  | (149,487)          |
| Cash and cash equivalents, January 1, 2013                                      | <u>208,150</u>     |
| Cash and cash equivalents, December 31, 2013                                    | <u>\$ 58,663</u>   |

Supplementary information

Taxes paid = \$2,270  
Interest paid = \$3,012

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

**CLARK DODGE & CO., INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**1. ORGANIZATION AND NATURE OF BUSINESS**

Clark Dodge & Co., Inc. (Company) was incorporated in Florida on November 16, 1986 for the purpose of acting as a broker-dealer in securities transactions. The Company is registered with the Securities Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company has adopted December 31 as its year end.

The Company is engaged in a single line of business as a securities broker-dealer, which comprises several classes of services including options, all of which are risk-less principal and agency transactions.

The Company clears all of its transactions through a securities clearing broker. The Company acts as a broker-dealer and is exempt from Securities and Exchange Commission Rule 15c3-3 under paragraph k(2)(ii) since it uses other security firms for clearing.

Pursuant to an agreement between the Company and RBC Dain Rauscher, Inc. (Dain), securities transactions of the Company are cleared through Dain and the customers of the Company are introduced and cleared on a fully disclosed basis. The Company is exempt from provisions of Rule 15c3-3 and is not responsible for compliance with Section 4(c) of Regulation T of the Board of Governors of the Federal Reserve System, as all customers' accounts, as defined by such rules, is carried by Dain.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Revenues**

The Company earns its revenues from commissions for agency transactions and for risk-less principal transactions; income is earned from mark-ups and mark downs. The transactions are recorded on a settlement date, which is not materially different than recording transactions on a trade date.

**Receivable from Clearing Broker**

Receivable from clearing broker consists of money due from the Company's clearing firm, Dain, for income earned on securities transactions. Management has determined that no allowance for doubtful accounts is necessary at December 31, 2013.

**Clearing Deposit**

The Company is required and maintains a separate clearing deposit account at RBC Dain with a cash balance of \$50,000.

**Furniture and Fixtures**

Furniture and fixtures are carried at cost. Depreciation is provided using straight line depreciation methods over their estimated useful lives of five and seven years.

**CLARK DODGE & CO., INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**Use of Estimates**

The financial statements are presented in accordance with generally accepted accounting principles and prevailing industry practices, both of which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at December 31, 2013, as well as the reported amounts of revenues and expenses during the year then ended. Estimates, by their nature, are based on judgment and available information. Management believes that the estimates utilized in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates.

**Income Taxes**

The Company has not accrued any federal or state income tax benefits as a result of a loss carry-forward of approximately \$1,500,000, but because there is uncertainty as to their realization. The Company has provided for Franchise fees based on a computation other than income.

**Investment in Securities**

Investment securities are valued at market value. The resulting difference between market value and cost is immaterial.

The Company participated in various private placement investment banking transactions, but did not receive shares in these companies as part of their compensation.

**3. DUE FROM EMPLOYEES**

The Company has receivables from registered representatives of \$202,624, mainly as a result of loans given at the time of initial employment. Each contract has stipulations for the satisfaction of the loan based either on performance or time employed at the Company. Former employees who have violated the terms of the contract which contain a confession of judgment owe the Company \$89,355. The Company has retained an attorney to bring suit against the individual owing \$89,355 representatives to recoup this amount due to the Company on the other nonperformance contractual obligations. Management is actively pursuing this former employee and feels confident in its collection process.

The remaining balance reflects balances due from current employees and these employees are currently paying off their obligation.

**CLARK DODGE & CO., INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**4. CONTINGENCIES**

In the normal course of business, the Company is engaged in various trading and brokerage activities, including agency and risk-less principal transactions through a clearing broker.

In connection with these activities, a customer's unsettled transactions may expose the Company to off-balance-sheet risk in the event the customer is unable to fulfill its contractual obligations.

Significant credit exposure may result in the event that the Company's clearing broker is unable to fulfill their contractual obligations.

**RELATED PART TRANSACTIONS**

The sole shareholder's ownership was transferred to Clark Dodge Holding, LLC, which is a non-regulated company in September, 2013. Clark Dodge Holding, LLC has assumed all of the lease obligations and made capital contributions in 2013 in the amount of \$252,475.

**ADDITIONAL PAID IN CAPITAL**

There were additions during 2013 to capital as follows:

|                          |                    |
|--------------------------|--------------------|
| Sole shareholder         | \$1,060,600        |
| Clark Dodge Holding, LLC | <u>252,475</u>     |
|                          | <u>\$1,313,475</u> |

**5. NET CAPITAL REQUIREMENTS**

The Company is a member of FINRA and subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital of \$5,000 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 \$24,487, which was \$10,749 in excess of the amount required by the SEC. The Company's percent of aggregate indebtedness to net capital was 841%.

**CLARK DODGE & CO., INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**6. GOING CONCERN**

The Company, although having shown losses in the current year and in past years does have the resources of its' sole shareholder, Clark Dodge Holding, LLC at its disposal and does have the capacity to infuse additional capital when required. The capital resources that are needed to accomplish the Company's business plan has been provided by its Clark Dodge Holding, LLC and the members of the holding company have assured the Company of his intent to contribute sufficient amounts of capital to fund the Company until such time as it is able to sustain itself.

The Company has reorganized its business plan and changed the managing officers. The Company is now earning revenues as a "registered investment advisor" and has added deferred annuities, life insurance, options, investment banking and investment management to its product lines.

**7. FAIR VALUE**

The Company's financial instruments approximate fair value.

**8. LEASE COMMITMENTS**

The Company currently rents office space at a White Plains office subject to the terms of a sublease agreement with Clark Dodge Holding, LLC, an affiliated company, whereby the original lease was amended with the landlord on December 28, 2012 to reflect the approval of the sublease assignment and Clark Dodge Holding LLC would be the sole obligor on the lease amendment from February 1, 2013 through October 31, 2020. Clark Dodge Holding LLC, effective February 1, 2013, would sublease 50% of their lease obligation to Clark Dodge & Co., Inc. and 50% to Clark Dodge Asset Management, Inc. The monthly lease obligation to Clark Dodge & Co., Inc. is approximately \$5,500 per month

The master lease amendment provides for monthly increases as follows:

Base Minimum Rent:

|  |                       |
|--|-----------------------|
| February 1, 2013 through June 30, 2015 | \$11,325.88 per month |
| July 1, 2015 through June 30, 2018     | \$11,921.67 per month |
| July 1, 2018 through August 31, 2019   | \$12,219.71 per month |
| Sept 1, 2019 through October 31, 2020  | \$12,815.79 per month |

The lease also provides for CPI and other miscellaneous escalations.

**CLARK DODGE & CO., INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

The Company also leases space in Garden City, NY with monthly lease of approximately \$6,800 and the lease is set to expire in Sept, 2014.

The Company also leased spaced during 2013 and spent \$78,300 in occupancy costs. The office was closed at the end of 2013 with an assignment of the lease to an outside party. Clark Dodge & Co., Inc. does not expect any claim by the landlord who issued the lease to Clark Dodge Holding, LLC.

**Schedule I**

**CLARK DODGE & CO., INC.  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2013**

|  |                   |
|--|-------------------|
| NET CAPITAL:   |                   |
| Total stockholder's equity   | \$ 477,009        |
| Deductions and/or charges:   |                   |
| Non-allowable assets:  | (452,522)         |
| Net capital before haircuts on securities positions                        | <u>24,487</u>     |
| Haircuts on securities positions   | <u>-</u>          |
| Undue concentration  | <u>-</u>          |
| Net Capital  | <u>\$ 24,487</u>  |
| AGGREGATE INDEBTEDNESS:  |                   |
| Items included in the statement of financial condition:                    |                   |
| Accounts payable and accrued expenses                                      | <u>\$ 205,967</u> |
| COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:                              |                   |
| Minimum net capital required (6-2/3% of aggregate indebtedness)            | <u>\$ 13,738</u>  |
| Minimum net capital required   | <u>\$ 5,000</u>   |
| Excess net capital   | <u>\$ 10,749</u>  |
| Net capital less greater of 10% of total AI or 120% of minimum net capital | <u>\$ 3,890</u>   |
| Percent of aggregate indebtedness to net capital                           | <u>841.13%</u>    |

The above computation does not differ from the December 31, 2013 computation of net capital filed electronically by the Company on FOCUS Form X-17A-5 Part IIA.

|                                     |                  |
|-------------------------------------|------------------|
| Net capital was reported by Company | \$ 36,575        |
| Audit adjustments                   | 12,088           |
| Net capital per audited report      | <u>\$ 24,487</u> |

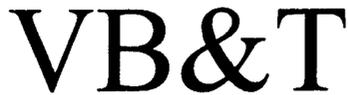
See Independent Auditors' Report.

**CLARK DODGE & CO., INC.**  
**Information Relating to the Possession or Control Requirements**  
**Under Sec. 240.15c3-3**  
**December 31, 2013**

**Schedule II**

The Company is exempt from the Securities and Exchange Commission Rule 15c3-3 under the Securities Exchange Act of 1934 in that the Company's activities are limited to those set forth in the conditions appearing in paragraph k(2)(i) of the rule.

See independent auditors' report.



Certified Public Accountants, PLLC

250 W57th Street  
Suite 1632  
New York, NY 10107  
T:1.212.448.0010  
F:1.212.448.0053

E-mail:  
[fvb@getcpa.com](mailto:fvb@getcpa.com)  
[rtse@getcpa.com](mailto:rtse@getcpa.com)  
[info@getcpa.com](mailto:info@getcpa.com)  
[www.getcpa.com](http://www.getcpa.com)

**Independent Accountants Agreed-Upon Procedures Report on  
Schedule of Assessments and Payments (Form SIPC-7)**

To the Shareholder of  
Clark Dodge & Co., Inc.

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 [Transitional Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2013, which were agreed to by Clark Dodge & Co., Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC solely to assist you and the other specified parties in evaluating Clark Dodge & Co.'s compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7). Clark Dodge & Co., Inc.'s management is responsible for the Company'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; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed 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

*VB&T CERTIFIED PUBLIC ACCOUNTANTS, PLLC*

New York, NY  
March 12, 2014

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
REQUIRED BY SEC RULE 17a-5 (g) (1)**

To the Shareholder of  
Clark Dodge & Co., Inc.

In planning and performing our audit of the financial statements of Clark Dodge & Co., Inc., (the Company), as of and for the year 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 the Company 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company'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 that 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, the Financial Industry Regulatory Authority, 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.

*VB&T CERTIFIED PUBLIC ACCOUNTANTS, PLLC*

New York, NY  
March 12, 2014

**Registered with the Public Company Accounting Oversight Board  
Member: American Institute of Certified Public Accountants**