

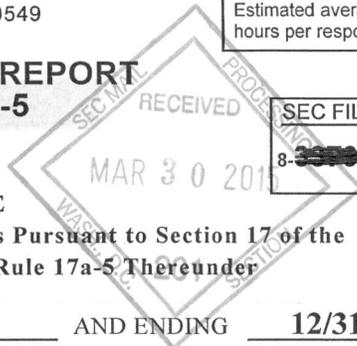


UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL  
OMB Number: 3235-0123  
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hours per response.... 12.00

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART 111**



SEC FILE NUMBER  
8-~~3337~~ 533714

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 01/01/14 AND ENDING 12/31/14  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

**H & L Equities, LLC**

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

**1175 Peachtree Street, NE, Suite 2200**

(No. and Street)

**Atlanta**

**GA**

**30361**

(City)

(State)

(Zip Code)

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

**Phyllis Beck**

**(404) 892-3300**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Rubio CPA, PC**

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

**900 Circle 75 Parkway SE, Suite 1100**

**Atlanta**

**Georgia**

**30339**

(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)

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 (06-02)

Handwritten: 9/2/16, 3/31/15

OATH OR AFFIRMATION

I, Phyllis J. Beck, swear (or affirm) that, to the best of my

knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of

H & L Equities, LLC as

of December 31, 2014, 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:

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

Sandra M Lewis  
Notary Public



Phyllis J Beck  
Signature  
General Sec. Prin/Owner  
Title

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

- (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 15c3-3 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 240.17z-5(e)(3).

# **INDEPENDENT AUDITOR'S REPORT**

## **Report on the Financial Statements**

We have audited the accompanying financial statements of H&L Equities, LLC which comprise the statement of financial condition as of December 31, 2014 and the related statements of operations, stockholders equity, and cash flows for the year then ended, and the notes to the financial statements that will be filed pursuant to Rule 17a-5 of the Securities Exchange Act of 1934.

## **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 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 entity'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 entity'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 H&L Equities, LLC as of December 31, 2014 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.

## **Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as whole. The information contained in the Schedules I and II is presented for purposes

of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission.

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 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 is fairly stated in all material respects in relation to the financial statements as whole.

February 20, 2015  
Atlanta, Georgia

RUBIO CPA, PC

# RUBIO CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS

900 Circle 75 Parkway  
Suite 1100  
Atlanta, GA 30339  
Office: 770 690-8995  
Fax: 770 980-1077

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of  
H & L Equities, LLC

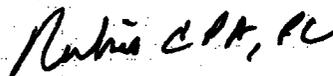
We have audited the accompanying financial statements of H & L Equities, LLC which comprise the statement of financial condition as of December 31, 2014, and the related statements of operations, changes in members' equity, and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements and supplemental information. H & L Equities, LLC management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of H & L Equities, LLC as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

The information contained in Schedules I and II has been subjected to audit procedures performed in conjunction with the audit of H & L Equities, LLC financial statements. The information is the responsibility of H & L Equities, LLC management. Our audit procedures included determining whether the information in Schedules I and II reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the accompanying schedules. In forming our opinion on the accompanying schedules, we evaluated whether the supplemental information, including its form and content, is presented in conformity Rule 17a-5 of the Securities Exchange Act of 1934. In our opinion, the aforementioned supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

February 23, 2015  
Atlanta, Georgia



RUBIO CPA, PC

**H&L Equities, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**December 31, 2014**

**ASSETS**

Cash and Cash equivalents	\$ 62,960
Commissions Receivable – Related Party	313,500
Prepaid Expenses	<u>3,459</u>
<b>Total Assets</b>	<b><u>\$ 379,919</u></b>

**LIABILITIES AND MEMBERS' EQUITY**

Commissions Payable	\$ 192,240
Accounts Payable – Related Party	<u>4,756</u>
<b>Total Liabilities</b>	196,996
<b>Members' Equity</b>	182,923
<b>Total Liabilities and Members' Equity</b>	<b><u>\$ 379,919</u></b>

See Accompanying Notes to the Financial Statements

**H&L Equities, LLC**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended December 31, 2014**

**REVENUE:**

Commissions	<u>\$ 1,461,150</u>
Total Revenue	1,461,150

**EXPENSES:**

Commission Expense	876,690
Fees Paid to Related Parties	56,900
IT, Data, & Communication	1,869
Occupancy	7,365
Other Operating Expenses	<u>24,637</u>
Total Expenses	<u>967,461</u>

<b>NET INCOME</b>	<u><u>\$ 493,689</u></u>
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See Accompanying Notes to the Financial Statements

**H&L Equities, LLC**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2014**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net Income	\$ 493,689
Adjustments to reconcile net income to net cash provided by operating activities:	
Increases in Commissions Receivable	(251,000)
Increase in Prepaid Expenses	(1,386)
Increase in Commissions and Accounts Payable	<u>157,664</u>
Net cash provided by operating activities	398,967

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Distributions to Members	<u>(390,000)</u>
Net cash used by investing activities	(390,000)

**NET INCREASE IN CASH AND EQUIVALENTS**

8,967

**CASH AND EQUIVALENTS**

Beginning of year	<u>53,993</u>
End of year	<u>\$ 62,960</u>

See Accompanying Notes to the Financial Statements

**H&L Equities, LLC**  
**STATEMENT OF MEMBERS' EQUITY**  
**For the Year Ended December 31, 2014**

Balance, December 31, 2013	\$ 79,234
Net Income	493,689
Distributions to Members	<u>(390,000)</u>
<b>Balance, December 31, 2014</b>	<b><u>\$182,923</u></b>

See Accompanying Notes to the Financial Statements

**H&L Equities, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business:**

The Company, formed on May 30, 2001, operates as a broker-dealer in the private placements of Real Estate Investment Trusts (REITS). The Company is registered with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA").

**Income Taxes:**

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable by, or provided for, the Company. Members are taxed individually on their shares of the Company's earnings.

The Company has adopted the provisions of FASB Accounting Standards Codification 740-10, Accounting for Uncertainty in Income Taxes. Under FASB ACS 740-10, the Company is required to evaluate each of its tax positions to determine if they are more likely than not to be sustained if the taxing authority examines the respective position. A tax position includes an entity's status, including its status as a pass-through entity, and the decision not to file a return. The Company has evaluated each of its tax positions and has determined that it has no uncertain tax positions for which a provision or liability for income taxes is necessary.

The Company, which files income tax returns in the U.S. federal jurisdiction and Georgia, is no longer subject to U.S. federal income tax examination by tax authorities for years before 2011.

**Revenue Recognition:**

Commission income and the related expense are recorded when the related REIT offering proceeds are wired to the REIT.

**Cash and Cash Equivalents:**

The Company considers deposits with maturities of ninety days or less to be cash and cash equivalents.

The Company maintains its cash and cash equivalents in a high credit quality bank. Balances at times may exceed federally insured limits.

**Use of Estimates:**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires reliance on accounting information based on estimates which may or may not come true in the near future.

**Subsequent Events:**

Subsequent events were evaluated through February 23, 2015, which is the date the financials were available to be issued.

**NOTE 2: RELATED PARTY TRANSACTIONS**

The Company has an expense allocation agreement with a company partially owned by one of its members. Under the agreement, the Company pays the related company monthly fees for the use of office facilities, including office furniture and equipment, supplies, and other administrative services. The amount expensed for 2014 under the arrangement is approximately \$67,000.

In addition, the Company earns all of its revenues from brokerage transactions referred by the company partially owned by one of its members. The commissions receivable from and accounts payable to related parties arose from the aforementioned transactions.

Financial positions and results of operations would differ from the amounts in the accompanying financial statements if these related party transactions did not exist.

**NOTE 3: NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (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. At December 31, 2014, the Company had net capital of \$54,064, which was \$40,931 in excess of its required net capital of \$13,133 and the ratio of aggregate indebtedness to net capital was 3.64 to 1.0.

**NOTE 4: CONTINGENCIES**

The Company is subject to litigation in the normal course of business. The Company has no litigation in progress as of December 31, 2014.

**H&L Equities, LLC**

**Supplementary Information  
Pursuant to Rule 17a-5 of the  
Securities Exchange Act of 1934**

**December 31, 2014**

The accompanying schedule is prepared in accordance with the requirements and general format of FOCUS Form X-17 A-5.

**H&L Equities, LLC**  
**SCHEDULE I**  
**COMPUTATION OF NET CAPITAL UNDER**  
**RULE 15c3-1 OF THE SECURITIES**  
**AND EXCHANGE COMMISSION**  
**ACT OF 1934**

**December 31, 2014**

**Net Capital**

Total members' equity qualified for net capital	\$ 182,923
Deduction for non-allowable assets:	
Commissions receivable	(125,400)
Prepaid expense	<u>(3,459)</u>
Net capital before haircuts	54,064
Less haircuts	<u>-</u>
Net capital	54,064
Minimum net capital required	<u>13,133</u>
Excess net capital	<u><u>\$ 40,931</u></u>
Aggregate Indebtedness:	
Liabilities	<u>196,996</u>
Minimum net capital based on aggregate indebtedness	<u><u>\$ 13,133</u></u>
Ratio of aggregate indebtedness to net capital	<u><u>3.64 to 1</u></u>

RECONCILIATION WITH COMPANY'S COMPUTATION OF NET CAPITAL INCLUDED IN PART IIA OF FORM X-17A-5 AS OF DECEMBER 31, 2014.

There is no difference between capital as reported in the FOCUS Part IIA filed January 19, 2015 and net capital as reported above.

**H&L Equities, LLC**

**SCHEDULE II  
COMPUTATION FOR DETERMINATION OF THE RESERVE REQUIREMENTS  
UNDER THE SECURITIES AND EXCHANGE COMMISSION RULE 15c3-3  
AND INFORMATION RELATING TO THE POSSESSION OR CONTROL  
REQUIREMENTS UNDER SECURITIES AND EXCHANGE COMMISSION RULE 15c3-3  
DECEMBER 31, 2014**

The Company is not required to file the above schedules pursuant to Securities and Exchange Commission Rule 15c3-3 paragraph (k)(2)(i).

# RUBIO CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS

900 Circle 75 Parkway  
Suite 1100  
Atlanta, GA 30339  
Office: 770 690-8995  
Fax: 770 980-1077

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

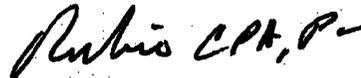
To the Members of  
H & L Equities, LLC

We have reviewed management's statements, included in the accompanying Broker Dealers Annual Exemption Report in which (1) H & L Equities, LLC identified the following provisions of 17 C.F.R. § 15c3-3(k) under which H & L Equities, LLC claimed an exemption from 17 C.F.R. § 240.15c3-3: (k)(2)(i) (the "exemption provisions"); and, (2) H & L Equities, LLC stated that H & L Equities, LLC met the identified exemption provisions throughout the most recent fiscal year without exception. H & L Equities, LLC's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about H & L Equities, LLC's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(i), of Rule 15c3-3 under the Securities Exchange Act of 1934.

February 23, 2015  
Atlanta, GA

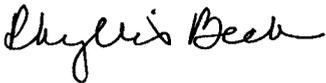


RUBIO CPA, PC

## *H & L Equities, LLC*

### BROKER DEALER ANNUAL EXEMPTION REPORT

H & L Equities, LLC claims an exemption from the provisions of Rule 15c3-3 under the Securities and Exchange Act of 1934, pursuant to paragraph (k)(2)(i) of the Rule. H & L Equities, LLC met the aforementioned exemption provisions throughout the most recent year ended December 31, 2014 without exception.



Phyllis J. Beck  
General Securities Principal/Chief Compliance Officer  
February 9, 2015

**H & L EQUITIES, LLC**  
**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**  
**RELATED TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION**

To the Members of H & L Equities, LLC

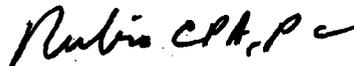
In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2014, which were agreed to by H & L Equities, 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 H & L Equities, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). H & L Equities, LLC's management is responsible for H & L Equities, 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 Total Revenue amounts of the audited Form X-17A-5 for the year ended December 31, 2014, with the amounts reported in Form SIPC-7 for the year ended December 31, 2014, noting no differences;
3. Compared adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences; and,
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.

February 23, 2015  
Atlanta, GA



RUBIO CPA, PC

**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**

**SIPC-7**

(33-REV 7/10)

For the fiscal year ended 12/31/2014

(Read carefully the instructions in your Working Copy before completing this Form)

**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:

17\*17\*\*\*\*\*2215\*\*\*\*\*MIXED AADC 220  
053371 FINRA DEC  
H & L EQUITIES LLC  
1175 PEACHTREE STREET NE  
100 COLONY SQ NE STE 2200  
ATLANTA GA 30361-6206

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)	\$	<u>3653</u>
B. Less payment made with SIPC-6 filed (exclude interest)	(	<u>825</u> )
<u>7/30/14</u> Date Paid		
C. Less prior overpayment applied	(	<u>-</u> )
D. Assessment balance due or (overpayment)		<u>2828</u>
E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum		<u>-</u>
F. Total assessment balance and interest due (or overpayment carried forward)	\$	<u>2828</u>
G. PAID WITH THIS FORM: Check enclosed, payable to SIPC Total (must be same as F above)	\$	<u>2828</u>
H. Overpayment carried forward	\$(	<u>-</u> )

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.

H & L Equities LLC  
(Name of Corporation, Partnership or other organization)  
[Signature]  
(Authorized Signature)  
FINRA  
(Title)

Dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

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 1/1/2014  
and ending 12/31/2014

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

Eliminate cents  
\$ 1,461,150

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 \_\_\_\_\_

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). \_\_\_\_\_
- \_\_\_\_\_ (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. \$ \_\_\_\_\_
- (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 \_\_\_\_\_

2d. SIPC Net Operating Revenues

\$ 1,461,150

2e. General Assessment @ .0025

\$ 3,653

(to page 1, line 2.A.)