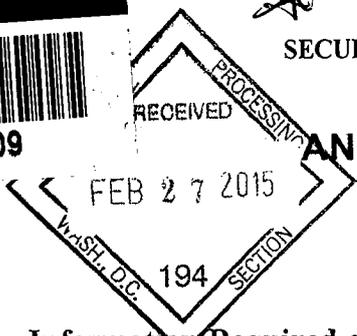




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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL  
OMB Number: 3235-0123  
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Estimated average burden  
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8-68697

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: **G.distributors, LLC**

OFFICIAL USE ONLY  
155071  
FIRM I.D. NO.

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

**One Corporate Center**

(No. and Street)

**Rye**

(City)

**NY**

(State)

**10580-1422**

(Zip Code)

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

**Diane M. LaPointe**

**(914) 921-7763**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Deloitte & Touche LLP**

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

**Two World Financial Center**

(Address)

**New York**

(City)

**NY**

(State)

**10281**

(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)

STATE OF NEW YORK

COUNTY OF WESTCHESTER

OATH OR AFFIRMATION

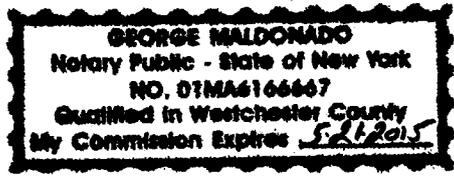
I, Diane M. LaPointe, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of G.distributors, LLC, as of December 31, 2014, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

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

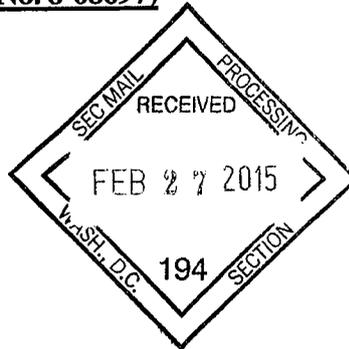
Diane M LaPointe  
Signature

Financial & Operations Principal  
Title

[Handwritten Signature]  
Notary Public



**G.distributors, LLC**  
**(A Wholly-owned Subsidiary of GAMCO Asset Management Inc.)**  
**(SEC I.D. No. 8-68697)**



**STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2014**  
**AND**  
**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

\*\*\*\*\*

**Filed pursuant to Rule 17a-5(e)(3) under the**  
**Securities Exchange Act of 1934 as a PUBLIC DOCUMENT.**

G.distributors, LLC  
(A Wholly-owned Subsidiary of GAMCO Asset Management Inc.)

Statement of Financial Condition

December 31, 2014

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Deloitte & Touche LLP  
30 Rockefeller Plaza  
New York, NY 10112-0015  
USA

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Fax: +1 212 489 1687  
www.deloitte.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of  
G.distributors, LLC  
Rye, New York

We have audited the accompanying statement of financial condition of G.distributors, LLC (the "Company") as of December 31, 2014, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement is 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 statement, 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 for our opinion.

In our opinion, such statement of financial condition presents fairly, in all material respects, the financial position of G.distributors, LLC as of December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

*Deloitte & Touche LLP*

February 24, 2015

**G.distributors, LLC**  
**(A Wholly-owned Subsidiary of GAMCO Asset Management Inc.)**

**Statement of Financial Condition**

December 31, 2014

<b>Assets</b>	
Cash and cash equivalents	\$ 11,972,060
Distribution fees receivable	4,634,242
Deferred sales commissions	2,108,062
Income taxes receivable (including net deferred taxes of \$1,689,593)	1,689,896
Goodwill	213,000
Other assets	178,289
Receivables from affiliates	135,770
Fixed assets, net of accumulated depreciation of \$7,496	8,546
Total assets	<u>\$ 20,939,865</u>
 <b>Liabilities and member's capital</b>	
Compensation payable	\$ 1,837,180
Distribution costs payable	3,936,694
Income taxes payable (including payable to GAMCO Investors, Inc. of \$976,803)	982,901
Payables to affiliates	58,296
Accrued expenses and other liabilities	279,640
Total liabilities	<u>7,094,711</u>
 <b>Member's capital:</b>	
Additional paid-in capital	9,903,153
Retained earnings	3,942,001
Total member's capital	<u>13,845,154</u>
Total liabilities and member's capital	<u>\$ 20,939,865</u>

*See accompanying notes.*

**G.distributors, LLC**  
(A Wholly-owned Subsidiary of GAMCO Asset Management Inc.)

**Notes to Statement of Financial Condition**

December 31, 2014

**A. Organization and Business Description**

G.distributors, LLC (the "Company") (the "Distributor") is a wholly-owned subsidiary of GAMCO Asset Management Inc. (the "Parent"), which is a wholly-owned subsidiary of GAMCO Investors, Inc. ("GBL"). Prior to June 1, 2014, the Company was a wholly-owned subsidiary of GBL (see Note F). The Company is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and is regulated by the Financial Industry Regulatory Authority ("FINRA").

The Company's revenues are derived from the distribution of Gabelli, GAMCO, and TETON mutual funds ("Funds" or "Fund") advised by Gabelli Funds, LLC and Teton Advisors, Inc. Gabelli Funds, LLC is a subsidiary of GBL, and Teton Advisors, Inc. is majority-owned by GGCP Holdings LLC, which is also the majority shareholder of GBL.

The Company distributes the Funds pursuant to distribution agreements with each Fund. Under each distribution agreement with a Fund, the Company offers and sells such Fund shares on a continuous basis and pays:

- all of the costs of marketing and selling the shares, including printing and mailing prospectuses and sales literature,
- advertising and maintaining sales and customer service personnel and sales and services fulfillment systems,
- and payments to the sponsors of third-party distribution programs, financial intermediaries and the Company's sales personnel.

The Company receives fees for such services pursuant to distribution plans adopted under provisions of Rule 12b-1 ("12b-1") of the Investment Company Act of 1940 ("Investment Company Act"). The Company is the principal underwriter for the Funds which are distributed in multiple classes of shares of which class A shares carry a front-end sales charge.

G.distributors, LLC  
(A Wholly-owned Subsidiary of GAMCO Asset Management Inc.)

Notes to Statement of Financial Condition (continued)

December 31, 2014

**A. Organization and Business Description (continued)**

Under the distribution plans, the Funds' Class AAA shares (except The Gabelli U.S. Treasury Money Market Fund, Gabelli Capital Asset Fund and The Gabelli ABC Fund) and the Class A and V shares of various Funds pay the Company a distribution or service fee of .25% per year (except the Class A shares of the TETON Westwood Funds and Gabelli Enterprise Mergers & Acquisitions Fund which pay .50% and .45% per year, respectively, and the TETON Westwood Intermediate Bond Fund which pays .35% per year) on the average daily net assets of the fund. Class B and Class C shares have a 12b-1 distribution plan with a service and distribution fee totaling 1%. The Company's distribution agreements with the Funds may continue in effect from year to year only if specifically approved at least annually by (i) each Fund's Board of Directors or Trustees or (ii) each Fund's shareholders and, in either case, the vote of a majority of each Fund's Directors or Trustees who are not parties to the agreement or "interested persons" of any such party, within the meaning of the Investment Company Act. Each Fund may terminate its distribution agreement at any time upon 60 days' written notice by (i) a vote of the majority of its directors or trustees cast in person at a meeting called for the purpose of voting on such termination or (ii) a vote at a meeting of shareholders of the lesser of either 67% of the voting shares represented in person or by proxy or 50% of the outstanding voting shares of such Fund. Each distribution agreement automatically terminates in the event of its assignment, as defined in the Investment Company Act. The Company may terminate a distribution agreement without penalty upon 60 days' written notice.

The Company's principal market is in the United States.

**B. Significant Accounting Policies**

**Cash and Cash Equivalents**

The Company's investments in an affiliated money market mutual fund meet the criteria to qualify as cash equivalents.

**Distribution Fees Receivable and Distribution Costs Payable**

Distribution plan fees are computed daily based on average net assets of each Fund and accrued for during the period in which they are earned. Distribution costs are accrued as they are incurred, computed daily based on average net assets of each Fund, and paid to the sponsors of third-party distribution programs and financial intermediaries.

G.distributors, LLC  
(A Wholly-owned Subsidiary of GAMCO Asset Management Inc.)

Notes to Statement of Financial Condition (continued)

December 31, 2014

**B. Significant Accounting Policies (continued)**

**Goodwill**

Goodwill is initially measured as the excess of the cost of the acquired business over the sum of the amounts assigned to assets acquired less the liabilities assumed. Goodwill is tested for impairment at least annually and whenever certain triggering events are met. In assessing the recoverability of goodwill, the Company performed a qualitative assessment of whether it was more likely than not that an impairment had occurred and concluded that a quantitative analysis was not required. As part of this assessment, it was also determined that there was no risk of failing the quantitative impairment testing step that compares the Company's fair value to its carrying value. No impairment was recorded during 2014.

**Deferred Sales Commissions**

Sales commissions paid to broker-dealers in connection with the sale of certain classes of shares of the Funds are capitalized and amortized over 1 year, based upon the period of time during which deferred sales commissions are expected to be recovered from distribution plan payments received from those Funds and from contingent deferred sales charges received from shareholders of those Funds upon redemption of their shares. Distribution plan payments received from these Funds are recorded in revenue as earned. Contingent deferred sales charges received from redeeming shareholders of these Funds are generally applied to reduce the Company's unamortized deferred sales commission assets. Should the Company lose its ability to recover such sales commissions through distribution plan payments and contingent deferred sales charges, the value of these assets would immediately decline, as would future cash flows.

The Company evaluates the carrying value of its deferred sales commission asset for impairment at least annually, or more often should events warrant, using a discounted cash flow method. There was no impairment charge in 2014.

**Receivables from Affiliates**

Receivables from affiliates primarily include distribution costs paid on behalf of GBL.

**Fixed Assets**

Fixed assets are recorded at cost and depreciated using the straight-line method over their estimated useful lives of four to five years.

G.distributors, LLC  
(A Wholly-owned Subsidiary of GAMCO Asset Management Inc.)

Notes to Statement of Financial Condition (continued)

December 31, 2014

**B. Significant Accounting Policies (continued)**

**Income Taxes**

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the Statement of Financial Condition. Under this method, deferred tax assets and liabilities are determined based on the differences between the Statement of Financial Condition and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income tax expense in the period that includes the enactment date of the change in tax rate.

The Company records net deferred tax assets to the extent the Company believes these assets will more likely than not be realized. A valuation allowance would be recorded to reduce the carrying value of deferred tax assets to the amount that is more likely than not to be realized. In making such a determination of whether a valuation allowance is necessary, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. In the event the Company were to determine that the Company would be able to realize the Company's deferred income tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company records uncertain tax positions in accordance with Accounting Standards Codification ("Codification") Topic 740 on the basis of a two-step process whereby (1) the Company determines whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is greater than 50 percent likely to be realized upon ultimate settlement with the related tax authority. Accrued interest and penalties on uncertain tax positions are included within accrued expenses and other liabilities on the Statement of Financial Condition.

G.distributors, LLC  
(A Wholly-owned Subsidiary of GAMCO Asset Management Inc.)

Notes to Statement of Financial Condition (continued)

December 31, 2014

**B. Significant Accounting Policies (continued)**

**Fair Value of Financial Instruments**

The carrying amounts of all financial instruments in the Statement of Financial Condition approximate their fair values.

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy. The levels of the fair value hierarchy and their applicability to the Company are described below:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 assets include cash equivalents.
- Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. Investments are transferred into and out of any level at their beginning period values.

The valuation process and policies reside with the financial reporting and accounting group which reports to the Chief Financial Officer of GBL. The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized as Level 3. There were no Level 2 or 3 financial instruments held by the Company as of and during the year ended December 31, 2014.

G.distributors, LLC  
(A Wholly-owned Subsidiary of GAMCO Asset Management Inc.)

Notes to Statement of Financial Condition (continued)

December 31, 2014

**B. Significant Accounting Policies (continued)**

**Fair Values of Financial Instruments (continued)**

Cash equivalents – Cash equivalents consist of an affiliated money market mutual fund, which is invested solely in U.S. Treasuries. Cash equivalents are valued using quoted market prices. Accordingly, cash equivalents are categorized in Level 1 of the fair value hierarchy.

**Use of Estimates**

The Company's Statement of Financial Condition is prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which 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 Statement of Financial Condition. Actual results could differ from those estimates.

**Recent Accounting Developments**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers," which supersedes the revenue recognition requirements in the Codification Topic 605, Revenue Recognition, and most industry-specific guidance throughout the Industry Topics of the Codification. The core principle of the new ASU No. 2014-09 is for companies to recognize revenue from the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard provides a five-step approach to be applied to all contracts with customers and also requires expanded disclosures about revenue recognition. The ASU is effective for annual reporting periods beginning after December 15, 2016, including interim periods and is to be retrospectively applied. Early adoption is not permitted. The Company is currently evaluating this guidance and the impact it will have on its Statement of Financial Condition.

**G.distributors, LLC**  
(A Wholly-owned Subsidiary of GAMCO Asset Management Inc.)

**Notes to Statement of Financial Condition (continued)**

December 31, 2014

**C. Related Party Transactions**

At December 31, 2014, the Company had an investment of \$11,972,060 in The Gabelli U.S. Treasury Money Market Fund advised by Gabelli Funds, LLC, which is an affiliate of the Company. The amount is recorded in cash and cash equivalents in the Statement of Financial Condition.

As the Distributor, the Company incurs certain promotional and distribution costs, which are expensed as incurred, related to the sale of Fund shares, for which it receives a fee from said Fund. The Company has distribution fees receivable from affiliates of \$4,634,242 at December 31, 2014. These fees were collected in January 2015.

On July 27, 2011, the Company entered into a selected dealer and shareholder servicing agreement (“Distribution Agreement”) with G.research, an affiliated company. Pursuant to the Distribution Agreement, the Company records distribution costs related to certain ongoing client relationships for which G.research is the broker of record.

Sales commissions paid to broker-dealers in connection with the sale of certain classes of Funds advised by Teton Advisors, Inc. (“Teton”) are paid by Teton. The Company pays distribution fees to Teton for those Class A and Class C shares on which Teton has paid these advanced sales commissions. This compensates Teton with the distribution fees revenue stream received by the Company on these shares allowing Teton to recover some or all of its advanced sales commission cost.

The Company receives sales charges as the Distributor of certain Funds advised by Gabelli Funds, LLC and Teton. At December 31, 2014, sales charges and underwriting fees receivable of \$91,628 are included in other assets. These fees were collected in January 2015.

The Company pays GBL a management fee equal to 20% of the Company’s year-to-date pretax profits before consideration of this fee. The Company also pays or receives from GBL the amount of its portion of GBL’s consolidated current tax expense or benefit, respectively.

On December 5, 1997, GBL entered into a fifteen-year lease, originally scheduled to expire on April 30, 2013, of office space at 401 Theodore Fremd Ave, Rye, NY from M4E, LLC, an entity owned by the adult children of the GBL Chairman. On September 15, 2008, GBL modified and extended this lease to December 31, 2023, and on June 11, 2013, GBL further modified and extended this lease to December 31, 2028.

G.distributors, LLC  
(A Wholly-owned Subsidiary of GAMCO Asset Management Inc.)

Notes to Statement of Financial Condition (continued)

December 31, 2014

**D. Fair Value**

The following table presents information about the Company's assets and liabilities by major categories measured at fair value on a recurring basis as of December 31, 2014 and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value:

Assets Measured at Fair Value on a Recurring Basis as of December 31, 2014

Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2014
Cash equivalents	\$ 11,972,060	\$ -	\$ -	\$ 11,972,060
<b>Total assets at fair value</b>	<b>\$ 11,972,060</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,972,060</b>

There were no transfers between any levels during 2014.

**E. Retirement Plan**

The Company participates in GBL's incentive savings plan (the "Plan"), covering substantially all employees. Company contributions to the Plan are determined annually by management of the Company and GBL's Board of Directors but may not exceed the amount permitted as a deductible expense under the Internal Revenue Code.

**F. Income Taxes**

On June 1, 2014, GBL contributed the Company to GAMCO Asset Management Inc. in a tax-free transaction. Also effective June 1, 2014, the Company made an election to be treated as a disregarded entity for tax purposes. Prior to that election, the Company was treated as a C corporation for tax purposes.

G.distributors, LLC  
(A Wholly-owned Subsidiary of GAMCO Asset Management Inc.)

Notes to Statement of Financial Condition (continued)

December 31, 2014

**F. Income Taxes (continued)**

The Company is included in the consolidated U.S. federal and certain combined state and local income tax returns of GBL and certain state and local income tax returns of the Parent. The Company's federal and certain state and local income taxes are calculated as if the Company filed on a separate return basis, and the amount of current tax or benefit is either remitted to or received from GBL. As stated in Note A, prior to June 1, 2014, GBL was the direct parent company. On June 1, 2014, the Company became a subsidiary of another wholly-owned subsidiary of GBL. All three entities are part of the consolidated income tax returns.

The Company has a net deferred tax asset of \$1,689,593 related primarily to the deferred tax asset associated with the transfer of the mutual fund distribution business from G.research to the Company which was effective August 1, 2011 and other timing differences in the recognition of income and expenses for tax and financial reporting purposes. The deferred expense associated with the sale of G.research's mutual fund distribution business to the Company will be recognized on a book basis if and when the business is dissolved or sold to an unaffiliated entity. On a tax basis, the deferred expense is amortized over fifteen years which gives rise to the timing difference. The Company assesses available positive and negative evidence to estimate if it will more-likely-than-not use deferred tax assets including certain tax credits and net operating loss carryovers. Management has determined that sufficient positive evidence exists as of December 31, 2014 to conclude that it is more likely than not that net deferred tax assets of \$1,689,593 are realizable, and no valuation allowance is required.

As of December 31, 2014, the Company's gross unrecognized tax benefits which relate to uncertain tax positions were \$116,631, of which \$75,810, if recognized, would affect the Company's effective tax rate. The Company continues to recognize both interest and penalties with respect to unrecognized tax benefits as income tax expense. The Company had accrued a liability of \$9,283 for interest and penalties as of December 31, 2014. These amounts are included in accrued expenses and other liabilities on the Statement of Financial Condition.

As of December 31, 2014, management has not identified any potential subsequent events that could have a significant impact on unrecognized tax benefits within the next twelve months. The Company is subject to income tax examination by the Internal Revenue Service for federal and any state tax returns for 2011 and after.

G.distributors, LLC  
(A Wholly-owned Subsidiary of GAMCO Asset Management Inc.)

Notes to Statement of Financial Condition (continued)

December 31, 2014

**G. Member's Capital**

On May 30, 2014, the Company declared a dividend of \$1,000,000 to GBL, its parent at the time of declaration. As stated in Note A, GBL was the parent prior to June 1, 2014. The dividend was paid on June 16, 2014.

**H. Guarantees, Contingencies, and Commitments**

The Company has entered into arrangements with various other third parties, many of which provide for indemnification of the third parties against losses, costs, claims and liabilities arising from the performance of the Company's obligations under the agreements. The Company has had no claims or payments pursuant to these or prior agreements, and management believes the likelihood of a claim being made is remote. Therefore, an accrual has not been made in the Statement of Financial Condition.

From time to time, the Company may be named in legal actions and proceedings. These actions may seek substantial or indeterminate compensatory as well as punitive damages or injunctive relief. The Company is also subject to governmental or regulatory examinations or investigations. The examinations or investigations could result in adverse judgments, settlements, fines, injunctions, restitutions or other relief. The Company cannot predict the ultimate outcome of such matters. The Statement of Financial Condition includes the necessary provisions for losses that the Company believes are probable and estimable. Furthermore, the Company evaluates whether there exists losses which may be reasonably possible and, if material, makes the necessary disclosures. Such amounts, both those that are probable and those that are reasonably possible, are not considered material to the Company's financial condition.

G.distributors, LLC  
(A Wholly-owned Subsidiary of GAMCO Asset Management Inc.)

Notes to Statement of Financial Condition (continued)

December 31, 2014

**I. Net Capital Requirements**

As a registered broker-dealer, the Company is subject to the SEC Uniform Net Capital Rule 15c3-1 (the "Rule"), which specifies, among other requirements, minimum net capital requirements for registered broker-dealers. The Company computes its net capital under the alternative method as permitted by the Rule, which requires that minimum net capital be the greater of \$250,000 or 2% of the aggregate debit items in the reserve formula for those broker-dealers subject to Rule 15c3-3. The Company is exempt from Rule 15c3-3 pursuant to paragraph (k)(1) of that rule which exempts limited businesses (mutual funds and/or variable annuities only). These requirements also provide that equity capital may not be withdrawn, advances to affiliates may not be made or cash dividends paid if certain minimum net capital requirements are not met. The Company had net capital, as defined, of \$4,729,536 exceeding the required amount of \$250,000 by \$4,479,536 at December 31, 2014. There were no subordinated borrowings at any time during the year ended December 31, 2014.

**J. Regulatory Developments**

Beginning with fiscal years ending on or after June 1, 2014, broker-dealers are required to file one of two new supplemental reports: a Compliance Report or an Exemption Report. Carrying broker-dealers that have custody of customer assets are required to file the new Compliance Report, and non-carrying broker-dealers are required to file the new Exemption Report. Since the Company is a limited business who does not carry customer accounts, the new Exemption Report is what is required and will be filed separately with the appropriate regulatory agencies.