

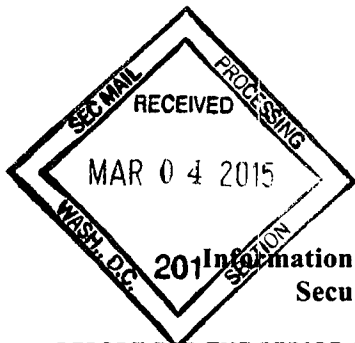


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PUBLIC

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

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

SEC FILE NUMBER
8- 69161

FACING PAGE

**2012 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 12/02/2013 AND ENDING 12/31/2014
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: DriveWealth, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

97 Main Street, 2nd Floor

(No. and Street)

Chatham

New Jersey

07928

(City)

(State)

(Zip Code)

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

Michael J. Dugan

973-559-6746

(Area Code Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Demetrius Berkower LLC

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

517 Route One

Iselin

New Jersey

08830

(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)

SEC 1410 (06-02)

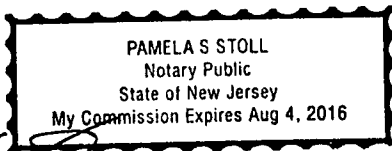
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* AB
3/14

KW
3/17

OATH OR AFFIRMATION

I, Michael J. Dugan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of DriveWealth, 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:



[Handwritten signature]
Notary Public

[Handwritten signature: Michael J. Dugan]
Signature
CFO / COO / CCO
Title

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

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
(o) Annual Compliance Report

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

DriveWealth, LLC

**Statement of Financial Condition
Pursuant to Rule 17a-5 of the
Securities and Exchange Commission**

December 31, 2014

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DEMETRIUS BERKOWER LLC
Certified Public Accountants and Advisors

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of
DriveWealth, LLC

We have audited the accompanying statement of financial condition of DriveWealth, LLC as of December 31, 2014. This financial statement is the responsibility of DriveWealth, LLC'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 statement of financial condition is free of material misstatement. An audit 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 for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of DriveWealth, LLC as of December 31, 2014, in conformity with accounting principles generally accepted in the United States.

Demetrius Berkower LLC

Demetrius Berkower LLC

Iselin, New Jersey
February 27, 2015

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517 Route One, Iselin, NJ 08830 • P (732) 781-2712 • F (732) 781-2732
www.demetriusberkower.com

A PCAOB REGISTERED FIRM
New Jersey • California • Cayman Islands



DriveWealth,LLC

Statement of Financial Condition

December 31, 2014

ASSETS

Cash	\$	295,399
Cash Segregated under Federal and Other Regulations		2,501
Deposits with Clearing Organization		250,000
Securities Owned, at Fair Value		282
Furniture, Equipment & Leasehold Improvements, at Cost Less Accumulated Depreciation of \$8,297		8,046
Other Assets		<u>29,833</u>
Total Assets	\$	<u>586,061</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities

Accounts Payable, Accrued Expenses and Other Liabilities	\$	82,847
Due to Affiliates		<u>872</u>
Total Liabilities		83,719
Member's Equity		<u>502,342</u>
Total Liabilities and Member's Equity	\$	<u>586,061</u>

See accompanying notes to financial statements.

1. Nature of Operations and Summary of Significant Accounting Policies**1.1 Nature of Operations**

DriveWealth, LLC (the "Company") was formed in New Jersey on May 24, 2012. The Company is wholly owned by DriveWealth Holdings, LLC (the "Parent"). Effective December 2, 2013, the Company became a broker-dealer registered with the Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority ("FINRA"). The Company is also registered with 53 U.S states and territories and with the Commodity Futures Trading Commission and the National Futures Association as an introducing broker.

The Company operates as an agency business retailing corporate equity securities as well as providing an online application that will allow its user customer base to trade equity securities and exchange traded funds. The Company clears its business on an omnibus basis with its clearing broker. The Company is subject to the provisions of SEC Rule 15c3-1 and SEC Rule 15c3-3.

1.2 Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as detailed in the Financial Accounting Standards Board's Accounting Standards Codification.

1.3 Commission Income

Commission and related clearing expenses are recorded on a trade date basis as securities transactions occur.

1.4 Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1.5 Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the double-declining method over the estimated useful lives (3-5 years) of the related assets. Leasehold improvements are amortized over the remaining life of the lease.

1.6 Segregated Cash

In accordance with FINRA Customer Protection Rule 15c3-3, the Company calculates weekly, as of the close of the last business day of the week, and deposits no later than one hour after the opening of banking business on the second following business day, the Special Reserve Requirement for the Exclusive Benefit of Customers.

1.7 Income Taxes and Deferred Income Taxes

The Company is not a taxpaying entity for Federal or State income tax purposes. The loss of the Company is reported on the Parent's tax returns. The Company is subject to taxation in local jurisdictions. As of December 31, 2014, the Company's reporting of operations for tax years 2012 and 2013 are subject to examination by the tax authorities.

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)**1.7 Income Taxes and Deferred Income Taxes (Continued)**

In accordance with GAAP, the Company is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority based on the technical merits of the position. The tax benefit recognized is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authorities. Based on its analysis, the Company has determined that it has not incurred any liability for unrecognized tax benefits as of December 31, 2014. The Company does not expect that its assessment regarding unrecognized tax benefits will materially change over the next twelve months. However, the Company's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions, compliance with U.S. federal, U.S. state and foreign tax laws, and changes in the administrative practices and precedents of the relevant taxing authorities.

The Company recognizes interest and penalties related to unrecognized tax benefits in interest expense and other expenses, respectively. No interest expense or penalties have been recognized as of and for the year ended December 31, 2014.

1.8 Advertising

The Company expenses advertising costs as incurred.

1.9 Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with banks and brokers with maturities of three months or less.

2. Concentrations of Business Risk and Credit Risk and Uncertainties

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash balances which at times may be in excess of insured amounts. It is the Company's policy to review, as necessary, the credit standing of its counterparties.

The Company's security transactions are cleared by one registered broker-dealer pursuant to a clearing broker agreement. The Company is subject to credit risk to the extent its clearing broker-dealer (ICBC Financial Services, LLC) with whom it conducts business is unable to fulfill contractual obligations on its behalf. The Company bears the risk of financial failure by its clearing broker-dealer. If the clearing broker-dealer should cease doing business, the Company's receivables from such clearing broker-dealer could be subject to forfeitures. Notwithstanding the foregoing, the Clearing broker-dealer, as well as the Company, are members of the Securities Investor Protection Corporation ("SIPC"). SIPC protects the accounts of customers up to \$500,000 for securities and cash (including a \$250,000 limit for cash only). In addition to SIPC coverage, the clearing broker-dealer provides additional protection for shortfalls above the SIPC limits by having an excess-SIPC policy through a Lloyd's of London syndicate. Such excess-SIPC policy provides total aggregate firm limit coverage up to \$100 million.

3. Property and Equipment

Leasehold improvements	\$ 784
Furniture and fixtures	10,450
Office equipment	5,109
	<u>16,343</u>
Less: Accumulated depreciation and amortization	(8,297)
	<u>\$ 8,046</u>

3. Property and Equipment (Continued)

Depreciation expense for the period December 2, 2013 to December 31, 2014 was \$14,020. Included in this amount is \$5,723 of depreciation and amortization expense allocated to the Company under an Expense Sharing Agreement with the Company's Parent.

4. Net Capital Requirement

The Company is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1(a)(1)(ii)). It computes its net capital under the alternative method, which requires the Company to maintain a minimum net capital of the greater of 2% of aggregate debit items or \$250,000 minimum net capital. At December 31, 2014, the Company has net capital of \$464,457, which was \$214,457 in excess of its required net capital of \$250,000.

5. Operating Leases – See Note 7**6. Segregated Cash**

Segregated cash represents cash held in a Special Reserve Account for the Exclusive Benefit of Customers at the Industrial and Commercial Bank of China (USA) NA.

7. Related Party Transactions

The Company has three agreements with related parties in place in 2014. One is with an affiliate under common control with the Company, DriveWealth Technologies, LLC, ("Technologies") and the other two with the Company's parent, DriveWealth Holdings, LLC (Holdings)

Under a Service Level Agreement, the Company pays Technologies a monthly lease fee for the trading platform and app equal to \$2.25 for each new live investing account opened by customers on the app during the preceding month. In addition, the Company pays Technologies an on-going maintenance support fee of 30¢/month for each live investing account at the end of the preceding month. For 2014, the Company incurred \$1,699 of technology service fee charges under this agreement. This amount is included in Technology and Communications in the Statement of Operations.

Under an Expense Sharing Agreement, Holdings incurs certain expenses (such as office supplies, insurance, and other general overhead costs) on behalf of its wholly-owned subsidiaries the Company and Technologies. Such costs are charged back to LLC and Technologies either on a specific identification basis, or 50 / 50 in cases where specific identification is not feasible. For 2014, the Company incurred \$74,506 of health insurance and \$10,675 of other general overhead under this agreement. The former amount is included in Employee compensation and the latter in Other Expenses in the Statement of Operations.

Under a Sub-Lease Agreement, DriveWealth Holdings, LLC leased 2,806 square feet of office space at 16 Washington Street, Morristown, NJ from 09/01/2012 through 08/31/2015. Under sub-lease agreement with DriveWealth Holdings, LLC, the company sub-leased 45% of said space through June 8, 2014. (From June 2014 through August 2015, an unaffiliated firm has assumed the Company's sublease and space at 16 Washington Street.) Effective June 9, 2014 through January 8, 2022, DriveWealth Holdings leased 7,748 square feet of office space at 97 Main Street, Chatham, NJ. Under a separate sub-lease agreement, the Company subleases 55% of the 97 Main Street space. Lease costs are accounted for on a straight-line basis over the life of the lease. For 2014, the Company incurred expenses of \$77,593 for rent, utilities, and parking under this agreement. This amount is included in Occupancy and Equipment Costs in the Statement of Operations.

7. Related Party Transactions (Continued)

The Company's future minimum lease obligation under the sub-lease agreement with DriveWealth Holdings, LLC is as follows:

<u>Year</u>	<u>\$ Amount</u>
2015	\$63,113
2016	92,950
2017	103,517
2018	115,058
2019	117,188
2020	119,319
2021	121,450
	<u>\$732,594</u>

8. Subsequent Events

The Company's parent, DriveWealth Holdings, LLC is currently negotiating terms of a \$4.0 to \$7.5 million Series A Financing with certain institutional investors with an expected closing in March 2015. While it is anticipated that the DriveWealth Holdings, LLC will contribute at least two-thirds of proceeds raised into the Company, there can be no assurance that said financing will close, or that monies will be contributed into the Company.