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

SEC FILE NUMBER
8-24841

Washington DC 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 01/01/16 AND ENDING 12/31/16  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **SOUTHAMPTON INVESTMENT SERVICES, INC.**

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
**395 HUDSON STREET, SUITE 701**

(No. and Street)  
**NEW YORK NY 10014**  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
**MICHAEL JOSEPH** 212-380-5186  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**LERNER & SIPKIN CPAs, LLP**

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

**132 NASSAU ST., SUITE 1023 NEW YORK, NY NY 10038**  
(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)*

OMA

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OATH OR AFFIRMATION

I, MICHAEL JOSEPH, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SOUTHAMPTON INVESTMENT SERVICES, INC., as of

December 31, 2016, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, member, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

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

*Michael Joseph*  
Signature

CEO/COO  
Title

*Kyra Stevens*  
Notary Public

KYRA STEVENS  
Notary Public, State of New York  
No. 01ST6030359  
Qualified in Bronx County  
Commission Expires Sept-7, 20 17  
*Dec. 13*

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

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

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

**SOUTHAMPTON INVESTMENTS SERVICES, INC**

**STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2016**

**ASSETS**

Cash and cash equivalents	\$ <u>47,179</u>
<b>TOTAL ASSETS</b>	\$ <u><u>47,179</u></u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Accounts payable & Accrued Expenses	\$ <u>10,780</u>
<b>TOTAL LIABILITIES</b>	<u>10,780</u>

Commitments and contingent liabilities

-

Stockholder's equity

Common stock, par value \$0.00, 20,000 shares authorized,  
issued and outstanding

Paid-in capital	104,256
Deficit	<u>(67,857)</u>

Total Stockholder's Equity	<u>36,399</u>
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<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	\$ <u><u>47,179</u></u>
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**The accompanying notes are an integral part of these audited financial statements.**

**SOUTHAMPTON INVESTMENT SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016**

**NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS**

Organization

Southampton Investment Services, Inc. (an S-Corporation) (the "Company") was incorporated in the State of Pennsylvania on April 15, 1980. The Company is a broker-dealer registered with the Securities and Exchange Commission and is a member of Financial Industry Regulatory Authority (FINRA).

Nature of Business

The Company earns commission income by introducing and forwarding as a broker, transaction and accounts of customers to another broker-dealer who carries such accounts on a fully disclosed basis, and by participating in private placements. However, the Company Is not currently engaged in any revenue generating business activity.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Revenue Recognition

Commission fee income is recognized when services are provided. Related expenses are recorded when incurred.

Cash and Cash Equivalents

All short-term investments with an original maturity of three months or less are considered to be cash equivalents.

Concentration of Credit Risk

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

Additionally, cash balances are held principally at one financial institution and may exceed the \$250,000 insurable limit. The Company believes it mitigates its risk by investing in or through major financial institutions. Recoverability is dependent upon the performance of the institution.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company's 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 the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**SOUTHAMPTON INVESTMENT SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Securities-Lending Activities

Securities borrowed and securities loaned transactions are generally, reported as collateralized, financings except where letters of credit or other securities are used as collateral. Securities-borrowed transactions require the Company to deposit cash, letters of credit, or other collateral with the lender. With respect to securities loaned, the Company receives collateral in the form of cash or other collateral in an amount generally in excess of the market value of securities loaned. The Company monitors the market value of securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary.

Recent Accounting Pronouncements

The Company does not expect any recent accounting pronouncements to have any material impact on its financial condition or results of operations.

NOTE 3 – NET CAPITAL

The Company is a member firm of FINRA, and is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1. Net Capital is defined as at least, the greater of \$5,000 or 6 2/3% of aggregate indebtedness, as defined. Net Capital and aggregate indebtedness change daily. The Company had net capital of \$36,399 at December 31, 2016 which exceeded the regulatory requirement of \$5,000 by \$31,399. The ratio of aggregate indebtedness to net capital was 0.2962 to 1 at December 31, 2016.

NOTE 4 – PROVISION FOR INCOME TAXES

Provisions for federal, state and local income taxes are calculated on reported financial statement pretax income based on current tax law. There is no difference between the expected income tax expense computed at the U.S. statutory income tax rate and the Company's expense for 2013. Prior to the acquisition of Southampton by North Star Brokerage, LLC in January 2010, Southampton Investment Services Inc. was an S Corporation, with pass-through taxation of a partnership. The acquisition of Southampton Investment Services by North Star Brokerage, LLC turned Southampton Investment Services into a single member S-Corporation, which by default changes its tax status to a C Corporation. Subsequent to the acquisition, the Company had taxable losses that resulted in an insignificant net operating loss carryforward and no deferred tax asset has been recognized.

**SOUTHAMPTON INVESTMENT SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016**

**NOTE 5 – RELATED PARTY TRANSACTIONS**

The Company is 100% owned by North Star Brokerage, LLC.

**NOTE 6 – GOING CONCERN**

The accompanying statements have been prepared assuming the Company will continue as a going concern. The Company had no revenues in 2015 and a loss from operations. This raises substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Management has pledged any additional support to the Company to enable it to continue as a going concern.



**LERNER & SIPKIN**  
CERTIFIED PUBLIC ACCOUNTANTS LLP

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Joseph G. Sipkin, C.P.A.  
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INDEPENDENT AUDITORS' REPORT

To the Stockholders of  
Southampton Investment Services, Inc.  
395 Hudson Street, Suite 7001  
New York, NY 10014

We have audited the accompanying statement of financial condition of Southampton Investment Services, Inc. (the Company) as of December 31, 2016. 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.

Management is responsible for the preparation and fair presentation of the statement of financial condition 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 the statement of financial condition that is free from material misstatement, whether due to fraud or error.

We conducted our audit in accordance with the standards of 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. An audit includes examining, on 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 Southampton Investment Services, Inc. as of December 31, 2016 in conformity with accounting principles generally accepted in the United States.

Lerner & Sipkin CPAs, LLP  
Certified Public Accountants (NY)

New York, NY  
February 1, 2017

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Washington DC  
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**SOUTHAMPTON INVESTMENT SERVICES, INC.**

**Statement of Financial Condition**

December 31, 2016