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ANNUAL REPORT  
FORM X-17A-5  
PART III

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Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

Washington DC  
106

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: Three Lakes Securities, LLC

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

828 John Nolen Drive

(No. and Street)

Madison

WI

53713

(City)

(State)

(Zip Code)

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

Christopher R. Henderson

608-288-2731

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Baker Tilly Virchow Krause, LLP

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

777 East Wisconsin Avenue, 32 Flr

Milwaukee

WI

53202

(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)

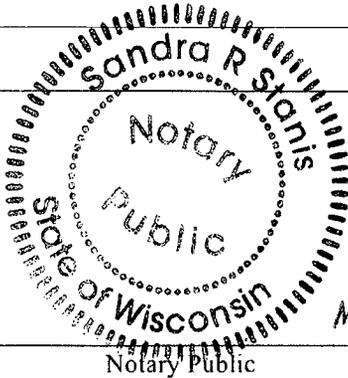
SEC 1410 (06-02)

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.

OATH OR AFFIRMATION

I, Brian, R. Donariski, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Three Lakes Securities, LLC, as of December 31, 20 16, 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:

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



Brian Donariski  
Signature

Director of Finance and Accounting  
Title

*My Commission expires 11/6/2017*  
*Sandra R. Stanis*

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.

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

# THREE LAKES SECURITIES, LLC

## TABLE OF CONTENTS

---

### Report of Independent Registered Public Accounting Firm

#### Financial Statements

Statement of Financial Condition .....	1
Statement of Income .....	2
Statement of Changes in Member's Equity .....	3
Statement of Cash Flows .....	4
Notes to Financial Statements .....	5-6

#### Supplemental Information

Schedule I – Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission Capital Rule.....	7
Schedule II – Computation for Determination of Reserve Requirements Under Rule 15c3-3 (Exemption) and Information for Possession or Control Requirements Under Rule 15c3-3 (Exemption) of the Securities and Exchange Commission .....	8



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee  
Three Lakes Securities, LLC  
Madison, Wisconsin

We have audited the accompanying statement of financial condition of Three Lakes Securities, LLC as of December 31, 2016, and the related statements of income, changes in member's equity, and cash flows for the year then ended. These financial statements are the responsibility of Three Lakes Securities, LLC's management. 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. 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 financial statements referred to above present fairly, in all material respects, the financial position of Three Lakes Securities, LLC as of December 31, 2016, 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.

The supplemental information contained in pages 7-8 has been subjected to audit procedures performed in conjunction with the audit of Three Lakes Securities, LLC's financial statements. The supplemental information is the responsibility of Three Lakes Securities, LLC's management. Our audit procedures included determining whether the supplemental information 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 supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. § 240.17a5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Baker Tilly Virchow Krause, LLP*

Milwaukee, Wisconsin  
February 28, 2017

# THREE LAKES SECURITIES, LLC

Statement of Financial Condition  
As of December 31, 2016

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## Assets

Cash	\$ 562,091
Prepaid expenses	19,157
Total assets	<u>\$ 581,248</u>

## Liabilities

Accrued payables	\$ 1,000
Producer commission payable	44,208
Total liabilities	<u>45,208</u>

## Member's equity

Contributed capital	65,000
Retained earnings	471,040
Total member's equity	<u>536,040</u>

Total liabilities and member's equity	<u>\$ 581,248</u>
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See accompanying notes to financial statements.

## THREE LAKES SECURITIES, LLC

Statement of Income  
For the Year Ended December 31, 2016

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<b>Revenues</b>	
Commissions income	\$ 857,839
Total revenues	<u>857,839</u>
<b>Expenses</b>	
Commissions expense	332,229
Salaries and wages	33,252
Regulatory expenses	10,371
Insurance expense	23,110
Professional fees	13,103
Rent expense	4,236
Other expenses	16,126
Total expenses	<u>432,427</u>
 Net income	 <u>\$ 425,412</u>

See accompanying notes to financial statements.

## THREE LAKES SECURITIES, LLC

### Statement of Changes in Member's Equity For the Year Ended December 31, 2016

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	<b>Contributed Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
Balances at January 1, 2016	\$ 65,000	\$ 337,628	\$ 402,628
Net Income	-	425,412	425,412
Distributions to member	-	(292,000)	(292,000)
Balances at December 31, 2016	<u>\$ 65,000</u>	<u>\$ 471,040</u>	<u>\$ 536,040</u>

See accompanying notes to financial statements.

# THREE LAKES SECURITIES, LLC

## Statement of Cash Flows For the Year Ended December 31, 2016

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<b>Operating activities</b>	
Net income	\$ 425,412
Adjustments to reconcile net income to net cash provided by operating activities:	
Increase in prepaid expenses	(11,750)
Increase in producer commission payable	<u>27,763</u>
Net cash provided by operating activities	<u>441,425</u>
<b>Financing activities</b>	
Distributions to member	<u>(292,000)</u>
Net cash used by financing activities	<u>(292,000)</u>
Net increase in cash	149,425
Cash, at beginning of year	<u>412,666</u>
Cash, at end of year	<u>\$ 562,091</u>

See accompanying notes to financial statements.

# THREE LAKES SECURITIES, LLC

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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### **NOTE 1 – Organization Structure**

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Three Lakes Securities, LLC (the “Company”), a wholly owned subsidiary of M3 Insurance Solutions, Inc., was established in 2009 and is a limited purpose broker dealer. The Company is in the business of referring potential customers to another Financial Industry Regulatory Authority (FINRA) member broker dealer. The Company shares in the commissions and fees earned through this referral. The Company received capital contributions from M3 Insurance Solutions, Inc. for \$65,000 in 2010. The Company began operations upon receiving approvals from FINRA and the State of Wisconsin Department of Securities in January 2011.

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### **NOTE 2 – Summary of Significant Accounting Policies**

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#### *Cash*

Cash consists of amounts held at a commercial bank in the form of a checking account. At times, the account may exceed federally insured limits. As a result, the Company is exposed to custodial credit risk.

#### *Federal Income Taxes*

The Company is a limited liability company and is treated as a disregarded entity for federal and state income tax purposes. As such, the Company’s income, losses and credits are included in the income tax returns of its’ sole member, M3 Insurance Solutions, Inc. Therefore, no provision for income taxes has been made on the Company. The Company does not recognize any tax liability or assets, deferred or current, on the financial statements. The Company is included in the consolidated federal and state income tax returns filed by the sole member.

There were no net uncertain tax positions that, if recognized, would affect the effective tax rate at December 31, 2016. The Company accrues interest and penalties related to uncertain tax positions in its provision for income taxes. At December 31, 2016, the Company had no accrued interest and penalties related to uncertain tax positions.

#### *Revenue Recognition*

Override commissions are remitted by the other broker dealer once collected from investors. The override commissions are recorded when they are received from the other broker dealer. At that date, the earnings process has been completed.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## THREE LAKES SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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### **NOTE 2 – Summary of Significant Accounting Policies (cont.)**

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#### *Exemptive Provision*

The Company operates under the provisions of paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities and Exchange Commission. Essentially, the requirements of paragraph (k)(2)(ii) provide that the Company clear all transactions on behalf of customers on a fully-disclosed basis with a clearing broker-dealer and promptly transmit all customer funds and securities to the clearing broker-dealer. The clearing broker-dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker-dealer.

As a result of the above paragraph, the Company is exempt from the remaining provisions of Rule 15c3-3.

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### **NOTE 3 – Related-Party Transactions**

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During 2016, employee, facility, equipment, and other direct costs of \$46,572 were incurred by the Company and provided by M3 Insurance Solutions, Inc., in accordance with an expense-sharing agreement. These costs have been included in various line items in the Statement of Income.

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### **NOTE 4 – Net Capital and Other Requirements**

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The Company is subject to the Uniform Net Capital requirements of the Securities and Exchange Commission (the Commission) under Rule 15c3-1. The Company is required to maintain net capital equal to the greater of 6-2/3% of aggregate indebtedness or \$5,000, as these terms are defined. The Commission's requirements also provide that equity capital may not be withdrawn or cash dividends paid if certain minimum net capital requirements are not met. At December 31, 2016, the Company had net capital of \$516,883, which was \$511,883 in excess of the amount required to be maintained at that date. The ratio of aggregate indebtedness to net capital at December 31, 2016, was .09 to 1.

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### **NOTE 5 – Subsequent Events**

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The Company has evaluated subsequent events through the date that the financial statements were available to be issued.

## Supplemental Information

**THREE LAKES SECURITIES, LLC**

SCHEDULE I – COMPUTATION OF NET CAPITAL AND AGGREGATE INDEBTEDNESS  
PURSUANT TO RULE 15c3-1  
As of December 31, 2016

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<b>Net capital</b>	
Member's equity	\$ 536,040
Less nonallowable assets and other deductions:	
Prepaid expenses	19,157
Total nonallowable assets and other deductions	<u>19,157</u>
Net capital before haircuts	516,883
Haircut on securities	-
Net capital	<u>\$ 516,883</u>
<b>Aggregate indebtedness</b>	
Total liabilities	<u>\$ 45,208</u>
<b>Capital requirements</b>	
Minimum net capital requirement (greater of 6-2/3% of aggregate indebtedness or \$5,000)	\$ 5,000
Net capital in excess of requirement	<u>511,883</u>
Net capital as above	<u>\$ 516,883</u>
Ratio of aggregate indebtedness to net capital	<u>.09 to 1</u>

There were no material differences between the above calculation and the Company's calculation of net capital as reflected on the unaudited Form 17a-5, Part II A.

**THREE LAKES SECURITIES, LLC**

SCHEDULE II – COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS UNDER  
RULE 15c3-3 (EXEMPTION) AND INFORMATION FOR POSSESSION OR CONTROL REQUIREMENTS  
UNDER RULE 15c3-3 (EXEMPTION) OF THE SECURITIES AND EXCHANGE COMMISSION  
As of December 31, 2016

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**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS UNDER RULE 15c3-3**

Three Lakes Securities, LLC is exempt from Rule 15c3-3 under the provision of Rule 15c3-3(k)(2)(ii).

**INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS UNDER RULE 15c3-3**

Three Lakes Securities, LLC is exempt from Rule 15c3-3 under the provision of Rule 15c3-3(k)(2)(ii).

**THREE LAKES SECURITIES, LLC**  
Madison, Wisconsin

**EXEMPTION REPORT**

Including Report of Independent Registered  
Public Accounting Firm

As of and for the Year Ended December 31, 2016

# THREE LAKES SECURITIES, LLC

## TABLE OF CONTENTS

---

Report of Independent Registered Public Accounting Firm	1
Exemption Report	2

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee  
Three Lakes Securities, LLC  
Madison, Wisconsin

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Three Lakes Securities, LLC identified the following provision of 17 C.F.R. § 15c3-3(k) under which Three Lakes Securities, LLC claimed an exemption from 17 C.F.R. § 240.15c3-3: (2)(ii) (the "exemption provisions") and (2) Three Lakes Securities, LLC stated that Three Lakes Securities, LLC met the identified exemption provisions throughout the most recent fiscal year without exception. Three Lakes Securities, LLC 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 Three Lakes Securities, 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 conditions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Baker Tilly Virchow Krause, LLP*

Milwaukee, Wisconsin  
February 28, 2017

# Three Lakes Securities, LLC

Member FINRA/SIPC

828 Jann Nolan Drive  
Madison, WI 53710  
T 608-272-0650 F 608-275-1725

February 15, 2017

Securities & Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549

To Whom It May Concern:

Three Lakes Securities, LLC claims exemption from SEA Rule 15c3-3 under paragraph (k)(2)(ii) for the period January 1, 2016 through December 31, 2016 because we do not hold customer funds or safe keep securities. Paragraph (k)(2)(ii) states that the Firm clear all transaction on behalf of customers on a fully-disclosed basis with a clearing broker-dealer and promptly transmit all customer funds and securities to the clearing broker dealer. The clearing broker-dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by the clearing broker-dealer. Three Lakes Securities, LLC met the exemption provision under SEA Rule 15c3-3 paragraph (k)(2)(ii) for the period January 1, 2016 through December 31, 2016, without exception.

Sincerely,

THREE LAKES SECURITIES, LLC



Christopher Henderson  
Chief Compliance Officer

**THREE LAKES SECURITIES, LLC**  
Madison, Wisconsin

AGREED UPON PROCEDURES

Including Form SIPC-7

As of and for the Year Ended December 31, 2016

# THREE LAKES SECURITIES, LLC

## TABLE OF CONTENTS

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<b>Independent Accountants' Report</b>	A
<b>Accompanying Schedule</b>	
Form SIPC-7	1-2

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON  
PROCEDURES RELATED TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION

To the Audit Committee  
Three Lakes Securities, LLC  
Madison, Wisconsin

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2016, which were agreed to by Three Lakes Securities, LLC (the "Company") and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Three Lakes Securities, LLC'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 Public Company Accounting Oversight Board (United States). 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:

Procedures performed:

1. Compared listed assessment payments in Form SIPC-7 with respective cash disbursement records noting no differences.
2. Compared the amounts reflected in the audited Form X-17A-5 for the year ended December 31, 2016 with amounts reported in the Form SIPC-7 for the year ended December 31, 2016 noting no differences.
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and workpapers noting no differences.
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related supporting schedules and workpapers 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, and is not intended to be and should not be used by anyone other than the Specified Parties.

*Baker Tilly Virchow Krause, LLP*

Milwaukee, Wisconsin  
February 28, 2017

**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 12/31/2016

(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:

18\*18\*\*\*\*\*2339\*\*\*\*\*MIXED AADC 220  
68429 FINRA DEC  
THREE LAKES SECURITIES LLC  
828 JOHN NOLEN DR  
MADISON WI 53713-1424

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.  
Sandra R. age

- 2. A. General Assessment (item 2e from page 2) \$ 2,145
- B. Less payment made with SIPC-6 filed (exclude interest) (999)  
7/2/16  
Date Paid
- C. Less prior overpayment applied (          )
- D. Assessment balance due or (overpayment) 1,146
- E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum \_\_\_\_\_
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 1,146
- G. PAYMENT:  the box  
Check mailed to P.O. Box  Funds Wired   
Total (must be same as F above) \$ 1,146
- H. Overpayment carried forward \$(            )

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.

Three Lakes Securities LLC  
(Name of Corporation, Partnership or other organization)  
[Signature]  
(Authorized Signature)  
Chief Compliance Officer  
(Title)

Dated the 18 day of January, 2017.

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 1/1/2016  
and ending 12/31/2016

Eliminate cents

\$ 857,839

**Item No.**

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

**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

\$ 857,839

2e. General Assessment @ .0025

\$ 2,145

(to page 1, line 2.A.)