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

SEC FILE NUMBER	
8 -	42036

FEB 28 2020

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 01/01/2019 AND ENDING 12/31/2019  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

**GAM SERVICES, INC.**

OFFICIAL USE ONLY
FIRM ID. NO.

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

**ONE ROCKEFELLER PLAZA, 21st FLOOR**

(No. and Street)

**NEW YORK**

**NY**

**10020**

(City)

(State)

(Zip Code)

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

**SHARON INGRAM**

**(212) 407-4697**

(Area Code -- Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

**MARCUM LLP**

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

**750 THIRD AVENUE**

**NEW YORK**

**NY**

**10017**

(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
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\*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.

E.B.

OATH OR AFFIRMATION

I, Timothy P. Dana, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of GAM Services, Inc., as of December 31, 2019, 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 of Timothy P. Dana

Signature

Director, President

Title

Handwritten signature of Carolyn R. Sherry

Notary Public

CAROLYN R. SHERRY
Notary Public, State of New York
No. 01SH4918727
Qualified in New York County
Commission Expires Feb. 16, 2022

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 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.
(o) Exemption Report.

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

**GAM SERVICES INC.**  
Financial Statements  
and Supplemental Information  
December 31, 2019

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of  
GAM Services, Inc.

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of GAM Services, Inc. (the "Company") as of December 31, 2019, the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019, 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 of America.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting 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. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.



## Supplemental Information

Schedule I - Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission and Schedule II- Determination of Reserve Requirements and Information Relating to Possession or Control Requirements under Rule 15c3-3 of the Securities and Exchange Commission (the "supplemental information") have been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company'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. §240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Marcum LLP*

Marcum LLP

We have served as the Company's auditor since 2018.

Deerfield, IL  
February 27, 2020

**GAM SERVICES INC.**  
Statement of Financial Condition  
December 31, 2019

<b>Assets</b>	
Cash	\$ 423,000
Other assets	36,200
Total assets	<u>\$ 459,200</u>
<b>Liabilities and Stockholder's Equity</b>	
<b>Liabilities:</b>	
Accrued expenses	\$ 39,200
Due to Parent-net	4,400
Total liabilities	<u>43,600</u>
<b>Stockholder's equity:</b>	
Common stock, par value \$1 per share. authorized 3,000 shares; issued and outstanding 100 shares	100
Additional paid-in capital	309,600
Retained earnings	105,900
Total stockholder's equity	<u>415,600</u>
Total liabilities and stockholder's equity	<u>\$ 459,200</u>

See accompanying notes to financial statements.

**GAM SERVICES INC.**  
Statement of Operations  
Year ended December 31, 2019

Revenues:		
Distribution fees from Parent	\$	<u>439,500</u>
Expenses:		
Administrative expenses		200,000
Professional fees		114,200
Other expenses		<u>33,400</u>
Total expenses		<u>347,600</u>
Income before provision for income taxes		91,900
Provision for income taxes		<u>29,700</u>
Net Income	\$	<u><u>62,200</u></u>

See accompanying notes to financial statements.

**GAM SERVICES INC.**

Statement of Changes in Stockholder's Equity

Year ended December 31, 2019

	<b>Common stock</b>		<b>Additional paid-in capital</b>	<b>Retained earnings</b>	<b>Total stockholder's equity</b>
	<b>Shares</b>	<b>Par value</b>			
Balance at beginning of year	100	\$ 100	\$ 309,600	\$ 43,700	\$ 353,400
Net Income				62,200	62,200
Balance at end of year	<u>100</u>	<u>\$ 100</u>	<u>\$ 309,600</u>	<u>\$ 105,900</u>	<u>\$ 415,600</u>

See accompanying notes to financial statements.

**GAM SERVICES INC.**

Statement of Cash Flows

Year ended December 31, 2019

Cash flows from operating activities:	
Net income	\$ 62,200
Changes in operating in assets and liabilities	
Decrease in other assets	7,100
Increase in accrued expenses	9,600
Decrease in due to Parent-net	<u>(38,400)</u>
Net increase in cash	40,500
Cash	
Beginning of year	<u>382,500</u>
End of year	<u>\$ 423,000</u>
Supplemental Disclosure of Cash Flow Information:	
Cash paid during the year for:	
Income taxes	<u>\$ -</u>

See accompanying notes to financial statements.

## **GAM SERVICES INC.**

### Notes to Financial Statements

December 31, 2019

#### **(1) Organization**

GAM Services Inc. (the Company), a Delaware corporation, was organized on October 3, 1989. The Company is engaged in the private placement of unaffiliated unregistered funds (the Funds) and generates revenue by providing sales and marketing support to GAM USA Inc. (the Parent), pursuant to a service agreement, through management fees earned by the Parent with respect to the Funds. The Company is a registered limited purpose broker-dealer with the Securities and Exchange Commission (the SEC) and a member of the Financial Industry Regulatory Authority Inc. The Company is a wholly owned subsidiary of the Parent which is owned by GAM Group AG. The Company's ultimate parent is GAM Holding AG, a Swiss holding company.

#### **(2) Significant Accounting Policies**

##### **(a) Basis of Presentation**

The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which may require the use of management estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

##### **(b) Revenue Recognition**

The Company generates revenue by providing sales and marketing services in behalf of the Parent, pursuant to a service agreement, through management fees earned by the Parent with respect to the Funds. Revenue is recognized when control of the service is transferred to the customer in the amount that best reflects the consideration to which the Company expects to be entitled in exchange for the service.

The distribution fees are generally based on a fixed rate, as a percentage, to the net asset value placed with respect to the Funds and are received monthly. As the distribution fees are based on factors outside of the Company's control, including market movements and client behavior, such revenue is recognized when it is probable that a significant reversal will not occur.

Pursuant to the service agreement, the distribution fees are 50% of the net management fees earned by the Parent. Such management fees are computed based on .45% of the net asset value placed with respect to the Funds.

##### **(c) Income Taxes**

The Company is included in the consolidated federal and combined state and local tax returns of the Parent. The Company computes its federal, state, and local income taxes on a separate entity basis and is subject to the utilization of tax attributes in the Parent's consolidated income tax provision. Current and deferred tax liabilities and assets are settled with the Parent on a current basis.

**GAM SERVICES INC.**

Notes to Financial Statements

December 31, 2019

**(3) Income Taxes**

Pursuant to a tax sharing arrangement with the Parent, which allows for current treatment of all temporary differences, the Company treats such differences as current.

The components of the income tax expense for the year ended December 31, 2019 are:

Federal	\$ 16,500
State and local	<u>13,200</u>
Total	<u>\$ 29,700</u>

The effective tax rate of 32% differs from the statutory federal rate of 21% due to state and local income taxes.

As of December 31, 2019, the Company had no uncertain tax positions that are required be recognized or disclosed in the statement of financial condition. The following are the major tax jurisdictions for the Company and the earliest tax year subject to examination: Federal, New York state and city – 2015.

**(4) Net Capital Requirement**

The Company is subject to the SEC's Uniform Net Capital Rule 15c3-1 (the Rule), 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. The Rule also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. The Company computes its net capital under the aggregate indebtedness standard permitted by the Rule. The Company's minimum net capital requirement is the greater of 6-2/3% of the aggregate indebtedness, as defined, or \$25,000. In addition, certain advances, payments of dividends and other equity withdrawals are subject to certain provisions of the Rule. At December 31, 2019, the Company was in compliance with this requirement and had net capital, as defined, of \$379,000 exceeding the requirements by \$354,000. The Company's aggregate indebtedness to net capital ratio was 0.11 to 1 at December 31, 2019.

**(5) Concentration of Credit Risk**

The Company maintains a checking account in a financial institution. The account is insured by the Federal Deposit Insurance Company ("FDIC"). At times, cash may be uninsured or in deposit accounts that exceed the FDIC insurance limit. The Company has not experienced any losses in the account. The Company believes it is not exposed to any significant risk on cash. Management periodically assesses the financial condition of the bank and believes that any potential credit loss is minimal.

**(6) Related Party Transactions**

The Company shares certain administrative expenses with its Parent. These administrative expenses are allocated to the Company pursuant to an expense sharing agreement between the parties. The amount

**GAM SERVICES INC.**

Notes to Financial Statements

December 31, 2019

**(6) Related Party Transactions**

incurred by the Company pursuant to this agreement amounted to \$200,000 for the year ended December 31, 2019.

The Company earned \$423,000 for acting as the selling and private placement agent for the Funds pursuant to a service agreement between the Company and the Parent. Included in due to Parent-net amounted to \$4,400 at December 31, 2019 is a receivable of \$107,400 related to these services and payables totaling \$111,800 representing amounts pursuant to the expense sharing and tax sharing agreements.

**SUPPLEMENTAL INFORMATION**

**Schedule I**

**GAM SERVICES INC.**

Computation of Net Capital Pursuant to SEC Rule 15c3-1

December 31, 2019

Amounts and shares in hundreds, except per share amounts

Computation of net capital pursuant to SEC Rule 15c3-1:	
Total stockholder's equity from statement of financial condition	\$ 415,600
Deduct non allowable assets	<u>(36,200)</u>
Total stockholder's equity qualified for net capital	<u>379,400</u>
Net capital	<u>\$ 379,400</u>
Aggregate indebtedness:	
Total liabilities per statement of financial condition	\$ 43,600
Computation of basic net capital requirement:	
Minimum net capital (6-2/3% of aggregate indebtedness)	2,900
Minimum dollar net capital requirement	25,000
Net capital requirement (greater of the above)	25,000
Excess net capital	<u>\$ 354,400</u>
Ratio of aggregate indebtedness to net capital	0.11 to 1

No reconciliation is required between the above computation and the computation included in the Company's corresponding unaudited Form X-17A-5 Part IIA FOCUS filing as of December 31, 2019.

See report of independent registered public accounting firm.

**GAM SERVICES INC.**

**Computation for Determination of Reserve Requirements and Information  
Relating to Possession or Control Requirements Under SEC Rule 15c3-3  
(Schedule II)**

December 31, 2019

The Company is exempt from the provisions of Rule 15c3-3 of the Securities Exchange Act of 1934, as amended, in that the Company's activities throughout the most recent fiscal year, without exception, are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(i) of the Rule 15c3-3.

See report of independent registered public accounting firm.

**ADDITIONAL REQUIRED INFORMATION**



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have reviewed management's statements, included in the accompanying GAM Services, Inc. Exemption Report, in which (1) GAM Services, Inc. (the "Company") identified the following provisions of 17 C.F.R. § 15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3: (k)(2)(i) (the "exemption provisions") and (2) the Company stated that the Company met the identified exemption provisions throughout the most recent fiscal year without exception. The Company'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 the Company'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.

*Marcum LLP*

Deerfield, IL  
February 27, 2020



**GAM Services, Inc.**  
**Exemption Report**  
**December 31, 2019**

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GAM Services, Inc. (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- (1) The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k)(2)(i).
- (2) The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k)(i) throughout the most recent fiscal year without exception.

GAM Services, Inc.

I, Timothy P. Dana, swear that, to my best knowledge and belief, this Exemption Report is true and correct.

By: Timothy P. Dana

Director, President

February 27, 2020

**GAM Services, Inc.**  
**Exemption Report**  
**December 31, 2019**

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GAM Services, Inc. (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- (1) The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k)(2)(i).
- (2) The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k)(i) throughout the most recent fiscal year without exception.

GAM Services, Inc.

I, Timothy P. Dana, swear that, to my best knowledge and belief, this Exemption Report is true and correct.

By: Timothy P. Dana

Director, President

February 27, 2020

These financial statements and supplementary schedules are deemed confidential pursuant to subparagraph (e)(3) of Rule 17a-5 of the Securities and Exchange Commission.