

SECURITIES AND EXCHANGE COMMISSION

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DIVISION OF MARKET REGULATION

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

OMB APPROVAL

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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 January 1, 2009 AND ENDING December 31, 2009  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: ARBOR COURT CAPITAL, LLC

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

2000 AUBURN DRIVE SUITE 300

OFFICIAL USE ONLY

FIRM I.D. NO.

(No. and Street)

BEACHWOOD

OH

44122

(City)

(State)

(Zip Code)

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

BRADLEY A. ZUCKER

216-825-4002

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

HOBE & LUCAS CPA'S, INC.

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

4807 ROCKSIDE ROAD, SUITE 510

INDEPENDENCE

OH

44131

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

SECURITIES & EXCHANGE COMMISSION  
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CHICAGO REGIONAL OFFICE

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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.

PW

OATH OR AFFIRMATION

I, BRADLEY A. ZUCKER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ARBOR COURT CAPITAL, LLC of DECEMBER 31, 20 09, 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:

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

*Bradley A. Zucker*  
Signature

*Financial Principal*  
Title

*Joseph R. Walt*  
Notary Public

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).

**ARBOR COURT CAPITAL, LLC**  
**DECEMBER 31, 2009**

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# Hobe & Lucas

Certified Public Accountants, Inc.

4807 Rockside Road, Suite 510 Phone: (216) 524.8900  
Independence, Ohio 44131 Fax: (216) 524.8777  
<http://www.hobe.com>

## INDEPENDENT AUDITORS' REPORT

To the Member  
Arbor Court Capital, LLC

We have audited the accompanying statement of financial condition of Arbor Court Capital, LLC (a wholly-owned subsidiary of Ancora Capital, Inc.) as of December 31, 2009, and the related statements of operations, changes in member's equity, and cash flows for the year then ended, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Arbor Court Capital, LLC as of December 31, 2009, and the results of its operations and its cash flows for the fourteen months then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hobe & Lucas*  
*Certified Public Accountants, Inc.*

January 15, 2010

Independent Member

**B K R**  
INTERNATIONAL

Firms In Principal Cities Worldwide

**ARBOR COURT CAPITAL, LLC**  
**BALANCE SHEET**  
**DECEMBER 31, 2009**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 13,104
Prepaid expenses	2,931
	<hr/>
Total Current Assets	16,035
	<hr/>

**Other Assets**

Goodwill	22,500
	<hr/>

<b>Total Assets</b>	<b>\$ 38,535</b>
	<hr/> <hr/>

**LIABILITIES AND MEMBER'S EQUITY**

**Current Liabilities**

Accrued expenses	\$ 1,750
Intercompany payable	300
	<hr/>
Total Current Liabilities	2,050
	<hr/>

Total Liabilities	2,050
	<hr/>

**Member's Equity**

Member's Equity	36,485
	<hr/>

<b>Total Liabilities and Member's Equity</b>	<b>\$ 38,535</b>
	<hr/> <hr/>

See accompanying notes to financial statements.

**ARBOR COURT CAPITAL, LLC**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**Revenue**

Settlement fees	\$ 5,000
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**Expenses**

Payroll	1,130
Consulting	12,000
Professional fees	5,800
Registration fees and licenses	3,132
Rent	3,250
Dues and subscriptions	7,503
Insurance	1,609
Office expenses and utilities	1,880
Case costs	2,552
<b>Total Expenses</b>	<b>38,856</b>

<b><u>Net Income (Loss) from Operations</u></b>	<b>(33,856)</b>
-------------------------------------------------	-----------------

**Other Income**

Interest income	13
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**Net Loss**

	<b>\$ (33,843)</b>
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See accompanying notes to financial statements.

**ARBOR COURT CAPITAL, LLC**  
**STATEMENT OF CHANGES IN MEMBER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

<b><u>Beginning Balance, January 1, 2009</u></b>	\$ 15,078
Contributions	34,500
Transfer of ownership	20,750
Net loss	<u>(33,843)</u>
<b><u>Ending Balance, December 31, 2009</u></b>	<b><u>\$ 36,485</u></b>

See accompanying notes to financial statements.

**ARBOR COURT CAPITAL, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**Cash Flows From Operating Activities:**

Net loss	\$ (33,843)
Adjustments to reconcile net income to net cash used for operating activities:	
(Increase) decrease in assets:	
Prepaid expenses and other current assets	1,564
Increase (decrease) in liabilities:	
Accounts payable	(106)
Intercompany payable	300
	<hr/>
Net Cash Used for Operating Activities	(32,085)

**Cash Flows From Financing Activities:**

Member contributions	<hr/> 34,500
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**Net Increase (Decrease) in Cash and Cash Equivalents** 2,415

**Cash an Cash Equivalents - January 1, 2009** 

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10,689

**Cash an Cash Equivalents - December 31, 2009** 

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\$ 13,104

**Supplemental Disclosure of Cash Flow Information:**

Interest paid	<hr/> \$ -
Income taxes paid	<hr/> <hr/> \$ -

**Supplemental Disclosure of Noncash Transactions:**

In association with the change in ownership, the Company has accrued \$1,750 of expenses.

See accompanying notes to financial statements.



**ARBOR COURT CAPITAL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**ORGANIZATION**

Arbor Court Capital, LLC (the Company), a wholly-owned subsidiary of Ancora Capital, Inc. (the Parent), is a fully-disclosed broker/dealer registered with the Securities and Exchange Commission (SEC) and a member of Financial Industry Regulatory Authority (FINRA). The Company specializes in creating a secondary market for variable life insurance policies and is registered in various states.

There was a change in ownership of the Company during 2009. The Company is currently working through the process with FINRA to get formal approval.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Accounting 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.

**Income Taxes**

The Company is included in the consolidated federal income tax return filed by the Parent, a corporation. No provision for federal or state income taxes has been made in the accompanying financial statements, as such taxes, if any, are the liability of the Parent.

Reporting periods ending December 31, 2007, December 31, 2008 and December 31, 2009 are subject to examination by major taxing authorities.

**Cash and Cash Equivalents**

The Company considers financial instruments with an original maturity of less than 90 days to be cash equivalents.

**Goodwill**

Goodwill is reviewed for possible impairment at least annually or more frequently upon the occurrence of an event or when circumstances indicate that the entity's carrying value is greater than its fair value. At December 31, 2009, the Company determined that fair value of the goodwill was greater than its carrying value. Accordingly, no impairment was recorded for the year ended December 31, 2009.

**ARBOR COURT CAPITAL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**RELATED PARTY TRANSACTIONS**

The Company had a formal expense sharing agreement with the former Parent. The agreement provided that certain non-regulatory expenses, such as payroll, rent and utilities, be paid by the Parent on behalf of the Company. To reimburse these expenses, the Company paid the Parent \$1,300 plus a percentage of salaries, per month. The Company paid the former Parent \$11,531 for the year ended December 31, 2009. Subsequent to the change in ownership, the Company entered into a formal expense sharing agreement with the new Parent. The agreement provides that certain non-regulatory expenses, such as rent and utilities, be paid by the Parent on behalf of the Company. Effective December 1, 2009 the Company will pay the Parent \$300 per month. The Company paid the new Parent \$300 for the year ended December 31, 2009.

**NET CAPITAL PROVISION OF RULE 15c3-1**

The Company is subject to the Securities and Exchange Commission (SEC) uniform net capital rule (Rule 15c3-1) 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. At December 31, 2009, Arbor Court Capital, LLC had net capital of \$11,054, which was \$6,054 in excess of its required net capital of \$5,000. Arbor Court Capital, LLC's ratio of aggregate indebtedness to net capital was 18.55%.

**EXEMPTION FROM RULE 15c3-3**

The Company acts as a broker or dealer with limited business activities. The Company operates under Section (k)(1) of Rule 15c3-3 of the Securities Exchange Act of 1934 and is therefore exempt from the requirements of Rule 15c3-3.

**SUBSEQUENT EVENTS**

The Company has evaluated all subsequent events through January 15, 2010, the available date of the issuance of the financial statements.

**SUPPLEMENTAL INFORMATION**  
**PURSUANT TO RULE 17a-5 OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**  
**DECEMBER 31, 2009**

**ARBOR COURT CAPITAL, LLC**  
**COMPUTATION OF NET CAPITAL**  
**PURSUANT TO RULE 15c3-1 OF THE**  
**SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2009**

**Net Capital**

Total member's equity from statement of financial condition	36,485
Less: Non-allowable assets:	
Prepaid expenses	(2,931)
Goodwill	(22,500)
	<u>11,054</u>

**Net Capital Before Haircuts on Securities**

Haircuts on securities	<u>-</u>
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**Net Capital**

	<u>11,054</u>
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**Computation of Aggregate Indebtedness**

Accounts payable and accrued expenses	<u>2,050</u>
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**Computation of Basic Net Capital Requirement -**

6 2/3% of Aggregate Indebtedness	<u>\$ 137</u>
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**Minimum Required Net Capital**

	<u>\$ 5,000</u>
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**Net Capital Requirement**

	<u>\$ 5,000</u>
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**Excess Net Capital**

	<u>\$ 6,054</u>
--	-----------------

**Excess Net Capital at 1,000%**

	<u>\$ 10,849</u>
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**Ratio of Aggregate Indebtedness to Net Capital**

	<u>18.55%</u>
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A reconciliation of the computation of net capital under Rule 15c3-1 as included in the Company's unaudited Form X-17a-5 as of December 31, 2009, filed with the Securities and Exchange Commission and the amount included in the accompanying Schedule I Computation is not required as there are no material differences.

**ARBOR COURT CAPITAL, LLC**  
**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS**  
**AND INFORMATION RELATING TO POSSESSION OR CONTROL**  
**REQUIREMENTS PURSUANT TO RULE 15c3-3 OF THE**  
**SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2009**

The Company is not required to present the schedule "Computation for Determination of Reserve Requirements Under Rule 15c3-3" and "Information for Possession or Control Requirements Under Rule 15c3-3" as it meets the exemptive provisions of Rule 15c3-3.

# Hobe & Lucas

Certified Public Accountants, Inc.

4807 Rockside Road, Suite 510 Phone: (216) 524.8900  
Independence, Ohio 44131 Fax: (216) 524.8777  
<http://www.hobe.com>

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL** **REQUIRED BY SEC RULE 17a-5**

To the Shareholder  
Arbor Court Capital, LLC

In planning and performing our audit of the financial statements and supplemental schedules of Arbor Court Capital, LLC (the Company) as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verification, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use of disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Independent Member

**BKR**  
INTERNATIONAL

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand the practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2009, to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than those specified parties.

*Hobe L. Lucas*  
*Certified Public Accountants, Inc.*

January 15, 2010