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OMB Number: 3235-0123
Expires: March 31, 2016
Estimated average burden
hours per response..... 12.00

SEC FILE NUMBER

8-50935

Mail Processing
Section

ANNUAL AUDITED REPORT

FORM X-17A-5

PART III

MAK 01270

Washington DC
403

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 01/01/15 AND ENDING 12/31/15
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: W.R. Hambrecht + Co., LLC

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

909 Montgomery St., 3rd Floor

(No. and Street)

San Francisco

(City)

California

(State)

94133

(Zip Code)

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

Eugene Yates

415-551-3236

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Burr Pilger Mayer, Inc.

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

600 California Street, Suite 600

(Address)

San Francisco

(City)

California

(State)

94108

(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.

Handwritten signature

OATH OR AFFIRMATION

I, Eugene Yates, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of W.R. Hambrecht + Co., LLC, as of December 31, 2015, 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:

None

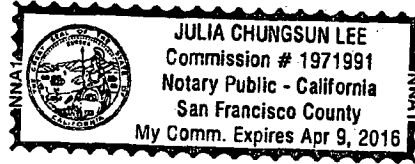
Eugene Yates

Signature

Financial and Operations Principal

Title

Julia Chungsun Lee
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).

W.R. HAMBRECHT + CO., LLC AND SUBSIDIARIES

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BURR PILGER MAYER

600 California Street, Suite 600, San Francisco, CA 94108
Phone: 415.421.5757 Fax: 415.288.6288 Email: bpm@bpmcpa.com Web: bpmcpa.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of
W.R. Hambrecht + Co., LLC and Subsidiaries

We have audited the accompanying consolidated statement of financial condition of W.R. Hambrecht + Co., LLC and subsidiaries (the "Company") as of December 31, 2015, and the related notes to the consolidated financial statement. This consolidated financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this consolidated 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 consolidated 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 consolidated statement of financial position. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated statement of financial position presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated statement of financial condition referred to above presents fairly, in all material respects, the financial position of W.R. Hambrecht + Co., LLC and subsidiaries as of December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

Burr Pilger Mayer, Inc.

San Francisco, California
February 29, 2016

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 2015

ASSETS

Cash and cash equivalents	\$ 207,120
Receivables from broker-dealers and clearing organizations	271,589
Marketable trading securities at fair value	7,250
Long-term investments	5,789,416
Carried interest venture funds	2,159,787
Prepaid expenses and other assets	<u>42,414</u>
Total assets	<u>\$ 8,477,576</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities:	
Accounts payable	\$ 77,333
Accrued expenses	175,484
Compensation payable to contract personnel	<u>38,177</u>
Total liabilities	<u>290,994</u>
Commitments and contingencies (Note 7)	
Member's equity	2,397,166
Noncontrolling interests in consolidated entities	<u>5,789,416</u>
Total equity	<u>8,186,582</u>
Total liabilities and member's equity	<u>\$ 8,477,576</u>

The accompanying notes are an integral
part of these consolidated financial statements

W.R. HAMBRECHT + CO., LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

1. Ownership Structure

W.R. Hambrecht + Co., LLC (the "Company") is a registered securities broker-dealer that is incorporated in the state of Delaware as a limited liability company. The Company is organized for the purpose of conducting a general stock brokerage and investment banking business. The Company is headquartered in San Francisco, California. The Company is a wholly-owned subsidiary of Hambrecht Partners Holdings, LLC, (the "Parent") which is controlled by William R. Hambrecht. The accompanying consolidated financial statements include several limited liability companies that invest in private companies.

The Company was sold by W.R. Hambrecht + Co., Inc. ("WRH, Inc.") in 2009 to the Parent. Concurrent with the sale of the Company to the Parent, WRH, Inc. entered into a Patent License Agreement with the Company which provides the Company with a perpetual, non-exclusive license to the patents and trademarks owned by WRH, Inc. in exchange for royalty payments equal to 20% of the net proceeds received by the Company in connection with auction transactions under the license agreement. There were no such royalty payments in 2015.

2. Management's Plan

The Company has a history of operating losses and negative cash flows from operations. The attainment of profitable operations is dependent upon future events, including increasing the Company's institutional customer base, implementing and successfully executing its business and marketing plan, and retaining quality personnel. The Company is also highly dependent upon increased levels of activity in the capital markets; particularly Regulation A+ initial public offerings. This may translate into the Company's ability to complete such revenue-generating transactions for its customers and/or achieve liquidity for some of its venture investments. Negative developments in any of these areas could have a material adverse effect on the Company's business, operations, financial condition, and net capital.

The Company intends to focus on executing Regulation A+ IPOs going forward. On March 25, 2015, the SEC Commissioners voted to adopt rules and forms relating to Section 401 of the JOBS Act. In doing so, the SEC has cleared a new path for capital raising by expanding and updating the Regulation A exemption for small issues. Management believes this development has the promise to transform and re-invigorate a capital raising landscape that in recent years has grown increasingly challenging for smaller issuers as a result of industry consolidation, regulation and market structure. The Company believes that it has access to capital resources to successfully operate its business plan in 2016. If necessary, the Company may seek to obtain additional capital contributions or enter into new credit facilities to meet its cash and/or net capital needs. The Company cannot make assurances that it will be able to complete any financing or liquidity transaction, that such financing or liquidity transaction will be adequate for the Company's needs, or that a financing or liquidity transaction will be completed in a timely manner.

The factors discussed above create substantial doubt about the Company's ability to continue as a going concern and an uncertainty as to the recoverability and classification of recorded asset amounts and the amount and classification of liabilities. The accompanying consolidated financial statements do not include any adjustments relating to the recovery and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern or meet its net capital requirements.

Continued

W.R. HAMBRECHT + CO., LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

3. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation Policy

The consolidated financial statements included herein have been prepared by the Company in conformity with accounting principles generally accepted in the United States of America. The accompanying consolidated financial statements include the accounts of the Company and its noncontrolling interests in private equity management and investment entities.

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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Commission revenues and expenses related to customer security transactions are recorded on a trade-date basis. Principal transactions related to Company security transactions are recorded on a trade-date basis. Fees from investment banking, corporate finance and advisory, venture capital, and private placement activities are recorded when earned.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less. There are no withdrawal restrictions on cash and cash equivalents.

Receivables from Broker-Dealers and Clearing Organizations

Receivables from broker-dealers and clearing organizations primarily relates to funds held with the Company's clearing organizations. The Company clears all of its brokerage transactions through other broker-dealers on a fully disclosed basis. Funds held as a clearing deposit were \$259,344 as of December 31, 2015.

Marketable Trading Securities

Marketable trading securities are reported at prevailing market prices. Realized and unrealized gains and losses on marketable trading securities are included as net investment gains (losses) in the consolidated statement of operations.

Continued

W.R. HAMBRECHT + CO., LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

3. Summary of Significant Accounting Policies, continued

Underwriting Revenue

Underwriting revenue includes underwriting fees earned through the Company's participation in public offerings and private placements of equity and debt securities. Underwriting revenues are earned in securities offerings in which the Company acts as an underwriter and include management fees, selling concessions and underwriting fees. Management fees are recorded on the offering date, selling concessions on the trade date and underwriting fees at the time the underwriting is completed and the related income is reasonably determinable. Syndicate expenses related to securities offerings in which the Company acts as underwriter or agent are deferred until the related revenue is recognized. Merger and acquisition fees and other advisory service revenues are generally earned and recognized upon successful completion of the engagement, except for fees earned upon the delivery of a fairness opinion and fees earned ratably over the term of a retainer. Underwriting revenues are recorded as expenses excluding interest.

Fair Value Measurement - Definition and Hierarchy

The Company measures the fair value of its financial instruments in accordance with generally accepted accounting principles ("GAAP"). GAAP defines fair value, establishes a framework that we use to measure fair value and provides for certain disclosures about our fair value measurements included in our consolidated financial statements. Fair value is defined by GAAP as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between willing market participants on the measurement date.

In determining fair value, the Company uses various valuation approaches. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Continued

W.R. HAMBRECHT + CO., LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

3. Summary of Significant Accounting Policies, continued

Fair Value Measurement - Definition and Hierarchy, continued

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that the Company believes market participants would use in pricing the asset or liability at the measurement date.

For further information on financial assets and liabilities that are measured at fair value on a recurring and nonrecurring basis, and a description of valuation techniques, see Note 4.

Long-Term Investments

The limited liability company ("LLC") investments in which the Company is a managing member may allocate carried interest and make carried interest distributions, which represent an additional allocation of net realized and unrealized gains, to managing members if the LLC's investment performance reaches a threshold as defined in the respective operating agreements. At the end of each reporting period, the Company calculates the carried interest that would be due to the LLC for each fund, pursuant to the fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. As the fair value of underlying investments varies between reporting periods, it is necessary to make adjustments to amounts recorded as carried interest to reflect either (a) positive performance resulting in an increase in the carried interest allocated to the general partner or (b) negative performance that would cause the amount due to the LLC to be less than the amount previously recognized as revenue, resulting in a negative adjustment to carried interest allocated to the general partner. In each scenario, it is necessary to calculate the carried interest on cumulative results compared to the carried interest recorded to date and make the required positive or negative adjustments. These allocations are recognized in revenue as net investment gains (losses) in the consolidated statement of operations. Approximately \$1,731,432 of carried interest has been recorded as of December 31, 2015, and included as a separate line item on the consolidated statement of financial condition.

Furniture, Software and Computer Equipment

Furniture, software and computer equipment are recorded at cost, less accumulated depreciation and amortization. Depreciation is computed using a straight-line depreciation method. Leasehold improvements are amortized over the lesser of their useful life or the remaining life of the lease. The estimated useful lives for the computation of depreciation and amortization are:

Software and computer equipment	3 - 5 years
Furniture	7 years
Leasehold improvements	7 years

Income Taxes

The Company is a single-member LLC and as such is considered a division of the Parent for federal and most state income tax reporting purposes. Accordingly, the Parent allocates income tax expense (benefit) to the Company as if it were a separate tax-paying entity. Therefore, the income tax consequences related to the Company's operations are reflected in its consolidated financial statements.

Continued

W.R. HAMBRECHT + CO., LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

3. Summary of Significant Accounting Policies, continued

Income Taxes, continued

The Company follows the accounting interpretation issued by the Financial Accounting Standards Board (“FASB”) on uncertainties in income taxes. This interpretation requires the evaluation of tax positions taken or expected to be taken in the course of preparing the tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Tax positions deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. The interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company does not have any uncertain tax positions as of December 31, 2015.

The Company’s policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. To date, there has been no accrued interest or penalties associated with any unrecognized tax benefits.

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal, state, local, and foreign jurisdictions, where applicable. As of December 31, 2015, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are the years 2012 and 2011 and later for federal and California, respectively.

4. Fair Value of Assets and Liabilities

A description of the valuation techniques applied to the Company’s major categories of assets and liabilities measured at fair value on a recurring basis follows:

Marketable Trading Securities - Equities

Marketable trading securities are comprised primarily of exchange-traded equity securities that are generally valued based on quoted prices from the exchange. To the extent these securities are actively traded, valuation adjustments are not applied and they are categorized in Level 1 of the fair value hierarchy.

Long-Term Investments - Private Equities

The Company’s investments in private equity securities consist of various direct and third party private equity investments. The valuation of these investments requires significant management judgment due to the absence of quoted market prices, inherent lack of liquidity and the long-term nature of these assets. Initially, the transaction price for direct investments is generally considered by the Company as the exit price and is the Company’s best estimate of fair value.

Continued

W.R. HAMBRECHT + CO., LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

4. Fair Value of Assets and Liabilities, continued

Thereafter, valuation is based on an assessment of each underlying investment, incorporating valuations that consider the evaluation of financing and sale transactions with third parties, expected cash flows and market-based information, including comparable company transactions, performance multiples and changes in market outlook, among other factors. Investments in third party funds are generally based on the financial statements of the partnerships, which generally use similar methodologies. These nonpublic investments are generally included in Level 3 of the fair value hierarchy because they trade infrequently, and, therefore, the fair value is unobservable.

Assets measured at fair value on a recurring basis are categorized in the table below based upon the lowest level of significant input to the valuations.

	Assets at Fair Value at December 31, 2015			
	Level 1	Level 2	Level 3	Total
Marketable trading securities	\$ 7,250	\$ -	\$ -	\$ 7,250
Long-term investments - private equities	-	-	5,789,416	5,789,416
Total	\$ 7,250	\$ -	\$ 5,789,416	\$ 5,796,666

The net investment gain related to long-term investments for the year ended December 31, 2015, includes an unrealized loss of \$543,641. The non-managing members' interests in limited liability companies includes \$5,789,416 in fair value and \$7,184,479 in cost. These limited liability companies are consolidated in accordance with FASB guidance for determining whether a decision maker is acting as a principal or an agent in a transaction.

The following table presents additional information about Level 3 assets and liabilities measured at fair value on a recurring basis for the year ended December 31, 2015.

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended December 31, 2015	
	Private Equity
Beginning balance, January 1, 2015	\$ 6,433,057
Proceeds from sale of investment	(100,000)
Losses included in net loss attributable to noncontrolling interests:	
Unrealized	(543,641)
Ending balance, December 31, 2015	\$ 5,789,416
Unrealized loss for Level 3 assets still held at December 31, 2015	\$ (543,641)

Continued

W.R. HAMBRECHT + CO., LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

4. Fair Value of Assets and Liabilities, continued

The net gains in Level 3 long-term investments were primarily driven by performance related adjustments relative to comparable publicly traded securities.

	Fair Value at December 31, 2015	Valuation Technique	Unobservable Inputs
Non-controlling interests in privately held companies	\$ 5,789,416	Market approach	Estimated comparable company multiples and third party transactions
	<u>\$ 5,789,416</u>		

The Company assesses our financial instruments annually to determine the appropriate classification within the fair value hierarchy, as defined by Accounting Standards Codification ("ASC") 820, *Fair Value Measurements*. Transfers between fair value classifications occur when there are changes in pricing observability levels. Transfers of financial instruments among the levels occur at the beginning of the reporting period.

5. Property and Equipment

Furniture, software and computer equipment is included in prepaid expenses and other assets on the consolidated statement of financial condition as of December 31, 2015 as is summarized as follows:

Software and computer equipment	\$ 22,092
Furniture	29,039
Leasehold improvements	<u>28,947</u>
Total	80,078
Less accumulated depreciation	<u>(46,285)</u>
	<u>\$ 33,793</u>

Depreciation expense for the year ended December 31, 2015 was \$6,098.

6. Prepaid Expenses and Other Assets

Summary of prepaid expenses and other assets as of December 31, 2015, is as follows:

Prepaid market data and research	\$ 8,621
Property and equipment, net	<u>33,793</u>
Total	<u>\$ 42,414</u>

Continued

W.R. HAMBRECHT + CO., LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

7. Commitments and Contingencies

At December 31, 2015, the Company was obligated under long-term, non-cancelable operating leases for office facilities and equipment, which require the following minimum annual payments:

Year ending December 31:	
2016	\$ 502,384
2017	389,379
2018	394,112
2019	454,589
Thereafter	<u>269,895</u>
Total	<u>\$ 2,010,359</u>

Certain leases contain renewal options and escalation clauses. Rent expense for 2015 totaled \$355,201, which is included in occupancy expense in the consolidated statement of operations.

The Company is currently involved in various legal and regulatory matters arising from its investment banking and securities activities. Although the outcome of these matters cannot be ascertained at this time, it is the opinion of management, based on discussions with legal counsel, that the resolution of these matters will not in the aggregate have a material adverse effect upon the Company's consolidated financial position or results of operations.

8. Related Party Transactions

On January 29, 2015, a member of management of the Company, purchased the Company's investment in Color Genomics for \$100,000 resulting in no gain or loss to the Company. The investment was subsequently sold to WR Hambrecht Ventures III during the year, resulting in no gain or loss for the management member. William Hambrecht is the manager of WR Hambrecht Ventures III.

From the period January through May 2015, WR Hambrecht+Co., LLC contracted with a company owned by one of its parent company's Board of Directors, operating under the entity name Growth Science, to perform pre-IPO research on prospective client companies. During June 2015, the relationship was terminated and transferred to WR Hambrecht Ventures III. A net total of \$30,000 was spent by the WR Hambrecht+Co., LLC during 2015.

During 2015, the Company contracted a member of the Board of Directors to provide advice to the Company regarding external legal counsel selection and assisted in raising capital. A total of \$23,198 was paid to the board member during 2015, and at the end of 2015 the contract was discontinued.

Employees are invested in firm sponsored venture funds. There were no new investments made by employees during 2015.

Continued

W.R. HAMBRECHT + CO., LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

9. Net Capital Requirement

The Company is subject to the Uniform Net Capital Rule 15c3-1 (the "Rule") adopted by the Securities and Exchange Commission ("SEC") and administered by the Financial Industry Regulatory Authority, Inc. ("FINRA"), which requires the Company to maintain minimum net capital as defined by the Rule and a ratio of aggregate indebtedness to net capital, as defined, not in excess of 15 to 1. The relationship of aggregate indebtedness to net capital changes from day to day. At December 31, 2015, the Company's net capital was \$193,897 its ratio of aggregate indebtedness to net capital was 1.50 to 1, and its net capital was \$93,897 in excess of the required minimum net capital.

For purposes of the computation of net capital, the Company is required to exclude \$5,789,416 of non-controlling interests related to limited liability companies that are included in the Company's consolidated financial statements, as the Company has not guaranteed, endorsed or assumed the obligations of the limited liability companies. In addition, for the purposes of the computation of net capital, the Company is required to exclude \$1,731,432 of carried interest earned but not received. The Company is exempt from the requirements of Rule 15c3-3, as adopted by the SEC.

10. 401(k) Savings Plan

The Company maintains a 401(k) Savings Plan (the Plan) for substantially all employees. Subject to Internal Revenue Service limitations, participants may contribute up to 60% of their salaries on a pretax basis as defined in the Plan. However, total contributions may not exceed 20% of their salaries. The Company may make discretionary matching contributions and/or profit-sharing contributions to the Plan. No such matching or profit-sharing contributions were made in 2015.

11. Financial Instruments with Off-Balance-Sheet Credit Risk and Concentrations of Credit Risk

As a securities broker-dealer, the Company's transactions are executed on behalf of its customers. The Company introduces these transactions for clearance on a fully-disclosed basis. The agreement between the Company and its clearing brokers provides that the Company is obligated to assume any exposure related to non-performance by its customers. The Company seeks to control the risk associated with non-performance by reviewing information it receives from its clearing brokers on a daily basis and reserving for doubtful accounts when necessary. Therefore, management believes that the potential for the Company to make payments under these customer transactions is remote. Accordingly, no additional liability has been recognized for these transactions. During the normal course of business the Company may sell securities which it has not yet purchased, which represent obligations of the Company to deliver the specified security at a contracted price, thereby creating a liability to purchase the security in a market at prevailing prices. Such transactions result in off-balance-sheet market risk as the Company's ultimate obligation to satisfy the sale of securities sold, not yet purchased may exceed the amount recorded in the consolidated statement of financial condition. The Company seeks to control such market risk through the use of internal monitoring guidelines.

During the normal course of business the Company regularly maintains cash balances at Federal Deposit Insurance Corporation ("FDIC") insured financial institutions that exceed the insurance coverage limitations provided by the FDIC.

Continued

W.R. HAMBRECHT + CO., LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

11. Financial Instruments with Off-Balance-Sheet Credit Risk and Concentrations of Credit Risk, continued

Additionally, the Company is a member of the Securities Investor Protection Corporation (“SIPC”). The coverage available to the Company’s customers through SIPC are limited in the risks, amounts, and investments that it covers. SIPC does not protect against market risk, which is the risk inherent in a fluctuating market. Furthermore, SIPC coverage is limited to \$500,000 per customer, including up to \$250,000 for cash. For purposes of SIPC coverage, customers are persons who have securities or cash on deposit with a SIPC member for the purpose of, or as a result of, securities transactions. SIPC does not protect customer funds placed with the Company just to earn interest. Insiders of the Company, such as its owners and officers, are not customers for SIPC coverage. Lastly, not all investments are protected by SIPC. In general, SIPC covers notes, stocks, bonds, mutual fund and other investment company shares, and other registered securities. It does not cover instruments such as unregistered investment contracts, unregistered limited partnerships, fixed annuity contracts, currency, and interests in gold, silver, or other commodity futures contracts or commodity options.

12. Subsequent Events

The Company has evaluated all subsequent events for recognition and disclosure through February 29, 2016, the date which these financial statements were issued. Nothing has occurred outside the normal course of business operations that require disclosure or recognition as of December 31, 2015.

SUPPLEMENTAL INFORMATION

W.R. HAMBRECHT + CO., LLC AND SUBSIDIARIES

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENT PURSUANT
TO RULE 15c3-3 AND INFORMATION RELATING TO THE POSSESSION AND
CONTROL REQUIREMENTS UNDER RULE 15c3-3**

December 31, 2015

Computation for Determination of Reserve Requirements Under Rule 15c3-3 of the Securities and Exchange Commission

For the Year Ended December 31, 2015

An exemption from Rule 15c3-3 is claimed, based upon section (k)(2)(ii)

Information Relating to Possession or Control Requirements Under Rule 15c3-3 of the Securities and Exchange Commission

For the Year Ended December 31, 2015

An exemption from Rule 15c3-3 is claimed, based upon section (k)(2)(ii)



BURR PILGER MAYER

500 California Street, Suite 600, San Francisco, CA 94108

Phone 415.421.5757 Fax 415.288.6288 Email bpm@bpmcpa.com Web bpmcpa.com

REVIEW REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of
W.R. Hambrecht + Co., LLC and Subsidiaries

We have reviewed management's statements, included in the accompanying management assertion letter, in which (1) W.R. Hambrecht + Co., LLC and subsidiaries (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: (2)(ii) (the "exemption provisions") and (2) the Company stated that W.R. Hambrecht + Co., LLC and subsidiaries 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)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Burr Pilger Mayer, Inc.

San Francisco, California
February 29, 2016