
THE SDDCO GROUP

**Accountants, FinOps & Consultants
for the Financial Services Industry**

485 Madison Avenue, Floor 15

New York, NY 10022

T 212 751 4422

F 212 751 4035



www.sddco.com

The
SDDCO
Group

The SDDCO Group

The SDDCO Group (SDDCO) is a professional services firm highly regarded for delivering meticulous outsourced support to the financial services industry. SDDCO offers a broad menu of support to emerging and established financial services firms. Engaging a team of SDDCO accounting, FinOp, and compliance professionals enables close collaboration across complex financial, regulatory and tax matters.

Our group descends from Sanders and Daniels Company, a CPA and consulting partnership formed in 1952, and its successor CPA firm, S.D. Daniels & Co., PC, an S Corporation since 1995. The firm expanded to six entities to broaden its support to the financial services sector: S.D. Daniels & Company, PC; S.D. Daniels & Company, LLC; SDDCO Fund Services, LLC; SDDCO Regulatory Services LLC; SDDCO Cipperman LLC; and SDDCO Brokerage Advisers, LLC

Our clients include institutional broker-dealers, investment arms of foreign banks, asset management companies, FCMs, and private investment funds. Our services include accounting, FinOp, regulatory compliance, brokerage startups, adviser registrations, and tax compliance. The success of SDDCO is evidenced by our high rate of client referrals and enduring client ties.

Our approach is both client centered and staff attentive. We give our clients the most current advice and accurate product possible framed by a thorough understanding of how each business operates and our commitment to due care in the performance of our responsibilities. To carry out this mission, we develop and retain top talent by considering all that our employees desire from the workplace, all that our clients deserve from our employees, and all that our profession demands.

The SDDCO Directory

- ▶ [FinOp Services](#)
- ▶ [Accounting Services](#)
- ▶ [Bookkeeping Services](#)
- ▶ [Tax Compliance](#)
- ▶ [Investment Adviser Accounting](#)
- ▶ [Futures Industry Support](#)
- ▶ [Brokerage Consulting](#)
- ▶ [B/D Membership & Compliance](#)
- ▶ [AML Testing Services](#)
- ▶ [Adviser Registration & Compliance](#)
- ▶ [SDDCO Senior Management](#)

PROFILE OF SERVICES

S.D. Daniels & Company, P.C.



▶ **FINOP Services**

Member Broker/Dealers

Each broker-dealer is required by securities law to hire a licensed professional to oversee the books and records and ensure compliance with net capital rules. As a CPA firm performing this outsourced function since the early 80's, S.D. Daniels & Company, P.C. (SDDCO-PC) brings three decades of experience to broker-dealers of all sizes. An SDDCO-PC FinOp would support or lead all aspects of this mandatory function:

Financial Duties

- Oversight of the member broker-dealer's books and records
- Preparation of accurate financial statements and supervision of those who assist
- Supervision/performance of member duties per the Securities Exchange Act of 1934
- Supervision/performance of member duties per the SEC uniform Net Capital rules
- Computation of the monthly Net Capital and all related items, such as Haircuts
- Monitoring of Net Capital compliance reporting

FINRA Filings

- Financial and Operational Combined Uniform (FOCUS) Report, monthly or quarterly
- Supplemental Statement of Income (SSOI), quarterly
- Filing the related Schedule I, annually
- Securities Investor Protection Corporation (SIPC) Report, semiannually
- FINRA Annual Assessment Report

Authority Assistance

- Interface with outside auditors or regulators during an audit exam and as needed

New Broker Dealers

SDDCO-PC will assist you through the FINRA new membership application process as it relates to the duties of the FinOp: creating an initial chart of accounts via QuickBooks or software of choice; reviewing the books and records to prepare trial balances, balance sheets, net capital computations, and required supporting documentation; facilitating your budget and projection preparations, as well as furnishing accounting guidance in the preparation of your Supervisory Procedures Manual and formal Business Plan.

► **Accounting Services**

Back office efficiencies are essential to your success. For decades, SDDCO-PC has been recognized for its accuracy and professionalism in all phases of outsourced accounting. Our clients realize the many benefits of outsourcing this function, including a significant cost savings and a consistent superior product. Retainer engagements feature scheduled onsite visits and continuous accessibility and assistance.

Accounting Services:

- Oversight of books and records for startups and established firms
- Setup/upgrade of QuickBooks accounting software systems
- Preparation and analysis of general ledger & financial statements
- Preparation of accountant compiled reports including footnote disclosures
- Preparation of 1099, 1096 and other year-end reports
- Perform budgets and forecasting
- Supervision of cash flow
- Accounting consulting projects

► **Bookkeeping Services**

SDDCO-PC helps firms achieve their goals by removing administrative obstacles that divert a management team's attention. Necessary financial tasks such as bill paying and bank reconciliations are all functions that SDDCO-PC reliably performs on a weekly or monthly basis. Our bookkeeping clients include small to mid-sized businesses, high net worth individuals, trusts and estates.

Bookkeeping Services:

- Accounts payable
- Accounts receivable
- Billing and invoicing
- Recording of sales and calculation results
- Maintenance of daily books and general ledger
- Bank reconciliations
- General ledger preparation
- Preparation of financial statements with trial balance.

► **Tax Compliance**

Every aspect of your business life has tax implications, and SDDCO-PC provides guidance each step of the way. From a company's inception through its day-to-day transactions and stages of change, our tax advice and planning adds significant value by keeping clients up to speed. Our innovative tax department offers the following services:

- Tax compliance—corporate, partnership, and individual
- Tax issues related to new business structure
- Domestic and international tax planning
- Representation with tax authorities
- State and local tax matters
- Tax planning and projections
- Estate tax and planning
- Tax research

SDDCO Fund Services LLC



► **Investment Adviser Accounting**

Asset Management Firm Services

For asset management clients, SDDCO Fund Services (SDDCO-FS) support includes the maintenance of books and records for the underlying investment vehicles, general partner, and Management Company. We calculate the individual account balances for each investor and have proven formats for creating your periodic capital calls and investor statements.

Private Equity Fund Services

SDDCO-FS provides outsourced administration to private equity funds. We manage fund books and record keeping, deliver timely and accurate reporting, reconcile cash accounts, compute profit and loss allocations, compute management fees and performance fees, track partnership reimbursable expenses paid by manager, review your capital call and capital distribution spreadsheets, oversee the preparation of investor account statements, prepare your funds' financial statements, assist management with outside audits, and also prepare your Form K1 for tax reporting purposes.

Hedge Fund Services

SDDCO-FS supports managers of U.S. hedge funds who choose to outsource administration functions. We maintain the fund's monthly accounting records and individual account statements, calculate the fund's related fees including administration, performance and management fees, compute income and expense allocations, calculate Partners Capital Account balances monthly or quarterly, oversee the preparation of periodic investor account statements, direct electronic downloads from your brokers to our accounting software, prepare the fund's financial statements, assist management with your firm's outside audits, and also prepare your form K1 for tax reporting.

Futures Industry Support

Futures Commission Merchants or FCMs are specialized businesses with unique issues that require specialized accounting treatments. Regulated by the National Futures Association (NFA), FCMs must stay in compliance with the rules and proper accounting guidelines at all times.

Introducing Broker Registration

SDDCO-PC will fully manage your Introducing Broker registration with the National Futures Association and the Commodity Futures Trading Commission. We will guide each aspect of the process and review all application content with your management team. Our function will include:

- Reviewing audited financial statements of the new entity
- Preparing the required documents including Form 7-R
- Supervising the registrations of all Associated Persons and Principals
- Performing as Security Manager to file application electronically
- Drafting business manuals including AML Procedures, Business Continuity and Disaster Recovery Procedures, Customer Complaint Procedures, Supervision of Sales Practice and Associated Person Procedures, Privacy Policy, and Ethics Training Policy
- Drafting NFA analysis information including your fiscal year end, business plan, client types, commodities to trade, and your CPA, legal counsel and carrying broker. Responding to regulator follow-up requests

Introducing Broker Financial Duties

SDDCO-PC assists FCMs with all accounting procedures including monthly maintenance of the books & records, regulatory net capital computations, and periodic filings. Our function will include:

- Oversight of the NFA member broker-dealer's books and records
- Setup/upgrade of QuickBooks accounting software systems
- Preparation and analysis of general ledger & financial statements
- Preparation of accountant compiled reports including footnote disclosures
- Preparation of 1099, 1096 and other year-end reports
- Perform budgets and forecasting
- Computation of the monthly Net Capital and all related items, such as Haircuts
- Monitoring of Net Capital compliance reporting
- Filing Form 1FR monthly or quarterly
- Interface with outside auditors or regulators during an audit exam and as needed

SDDCO Brokerage Advisors LLC



► **Brokerage Services**

SDDCO Brokerage Advisors LLC (SDDCO-BA) MEMBER: [FINRA/SIPC](#) is an introducing broker-dealer that solicits on behalf of private placements and acts as an advisor to issuers. SDDCO-BA also aligns with other financial industry participants (broker-dealers, investment advisors, hedge funds, mutual funds, private equity firms, and other corporate clients) to offer investment banking, referral, and operations consulting services.

As the brokerage arm of the SDDCO Group, the Firm can also keep your business running or kick start your business plan by registering your principals and representatives to do business while your own broker-dealer is in the NMA or CMA process.

In Q2 2013 look for the launch of *SDDCO Brokerage Advisors Online*, an online brokerage facility (www.sddco-ba.com), which will offer SDDCO-BA clients the ability to transact stocks, bonds, and mutual funds online and on mobile devices.



SDDCO Regulatory Services LLC



▶ **FINRA Membership & B/D Compliance**

SDDCO Regulatory Services LLC (SDDCO-RS) provides full-service, onsite compliance consulting to broker-dealers, investment advisers, and private investment funds. Our experienced consultants facilitate your startup and support your ongoing compliance.

Broker/Dealer FINRA New Membership Application (NMA)

NMA filing requirements for broker-dealers are extensive and exact. SDDCO-RS consultants do not present you with a software program—we pilot the entire FINRA membership process for you.

Broker/Dealer Startup Services:

- **Building Your Business Plan:**
SDDCO-RS will build your comprehensive business plan, which includes:
 - Charting your Management and Organization
 - Writing Biographies for your Principals
 - Documenting your Products and Services
 - Identifying your Target Clients
 - Detailing your Staffing Requirements
 - Outlining your Work Facilities
 - Identifying your Registered Principals
 - Assisting Selection of Critical Third Party Relationships: outside legal counsel, outside auditor, FinOp, clearing firm, and Fidelity Bond provider
 - Aiding preparation of your Pro Forma Financial Model
 - Advising on technology systems in accord with FINRA requirements

- **Drafting Your Policies & Procedures:**
SDDCO-RS will draft, refine and finalize your mandatory applicant manuals:
 - Written Supervisory Procedures (WSP)
 - Business Continuity Plan (BCP)
 - Anti-Money Laundering Program (AML)
 - Continuing Education Program (CEP)

- **Managing Your WEB NMA**
SDDCO-RS will serve as your WEB NMA Administrator:
 - Establishing your WEB NMA Account
 - Uploading all required NMA file forms, manuals, and supporting documents. (FINRA has 180 days to finalize their review of your complete application.)
 - Administering WEB CRD and all mandated FINRA systems as required

- **Handling Your FINRA Requests:**
SDDCO-RS will serve as your Appointed Representative:
 - Receiving all FINRA examiner requests for additional data
 - Interpreting and consulting you on all FINRA communications
 - Responding to all FINRA requests on your behalf
- **Preparing for Your Interview:**
SDDCO-RS will prepare for your FINRA Pre-Membership Interview:
 - Advising you on the meeting format and content
 - Attending the meeting with you
 - Responding to any follow-up requests

NMA success hinges on our partnership in filing, timely collection of copious data, appropriate responses to follow-up requests, and full preparedness for the FINRA interview. Our clients are secure knowing that SDDCO-RS professional are well practiced in the meticulous process of filing on behalf of broker-dealers of varied size and structure.

Regulatory Compliance

SDDCO-RS specializes in ongoing regulatory support for broker-dealers and investment advisers. We tailor services to your business and support compliance through onsite visits, offsite accessibility, and informed guidance. SDDCO-RS collaborates with management to develop an inventory of applicable requirements, define the status of each requirement, and agree upon strategy. Our team will perform certain functions on behalf of your firm, monitor functions performed internally, and continually reassess needs per an agreed upon mandate. Our consulting team provides a suite of services on a retainer or project basis.

Broker/Dealer Services:

- | | |
|----------------------------------|--|
| ○ Registration and Licensing | ○ Annual Review of Business Operations |
| ○ Web CRD Administration | ○ Continuing Education Program |
| ○ Disclosures and Certifications | ○ FINRA New Member Application |
| ○ Policies and Procedures | ○ FINRA Continuing Membership |
| ○ Supervisory Controls | ○ Anti-Money Laundering Advising |
| ○ CEO Certification | ○ Business Continuity Planning |
| ○ Independent Review | ○ Liaise with Regulators |
| ○ Annual Compliance Meeting | ○ E-Communication Review |

Adviser Services:

- | | |
|----------------------------------|--------------------------------|
| ○ Web IARD Support | ○ Continuing Education Program |
| ○ Disclosures and Certifications | ○ AML Procedures |
| ○ Policies and Procedures | ○ Business Continuity Planning |
| ○ Compliance Manual | ○ Regulatory Exam Guidance |
| ○ Annual Compliance Meeting | ○ Independent Review |

S.D. Daniels & Company LLC



▶ **AML Testing Services**

FINRA member broker-dealers are required to comply with the USA Patriot Act and FINRA rules. FINRA Rule 3310 requires member firms to provide for annual (calendar-year basis) independent testing of their AML Compliance Programs. S.D. Daniels & Company LLC (SDDCO-LLC) provides independent testing of the Anti-Money Laundering Compliance Programs of broker-dealers to assist you to meet this requirement.

We conduct an in-depth review to test conformity with AML requirements applicable to your firm including the requirements of the Financial Industry Regulatory Authority (FINRA), Bank Secrecy Act (BSA) and USA Patriot Act of 2001, Financial Crimes Enforcement Network (FinCEN), and the Office of Foreign Assets Control (OFAC).

SDDCO-LLC will determine if your firm maintains and implements AML policies and procedures that address applicable requirements, have been updated to incorporate new and amended rules and regulations; have been properly authorized by senior management; and have been distributed to and acknowledged by all associated persons.

Scope of Testing

SDDCO-LLC will conduct an analysis of your firm's business operations to determine the scope of the independent test to be performed. SDDCO-LLC will:

- Analyze these aspects of your business: Products & Services; Branch Office(s); Client Base, Clearing Method(s); Possession and Control of Funds & Securities; Receipt and Forwarding of Funds & Securities; Transaction Volume; Account Activity; and Ownership Structure.
- Test your firm's AML Compliance Program per the agreed upon Scope of Testing.

AML Testing Report

SDDCO-LLC will provide an AML Testing Report upon completion of the test process. The Testing Report will detail SDDCO-LLC findings and recommendations. We will:

- Detail the method and review of testing, verify your firm's AML Supervision and Management, and review your firm's AML Written Supervisory Procedures.
- Provide a summary of the test and the gaps discovered.
- Identify the changes your firm has made or needs to make to enhance the effectiveness of your AML Compliance Program.

Cams Certified AML Professionals

SDDCO-LLC AML professionals are Certified Anti-Money Laundering Specialists by ACAMS—The Association of Certified Anti-Money Laundering Specialists.

SDDCO Cipperman LLC



► **Adviser Registration & Compliance**

SDDCO Cipperman LLC (SDCIPCO) provides comprehensive compliance service solutions to investment advisers and private fund managers.

Adviser Registration

SDCIPCO leads advisers through fulfillment of their SEC filing requirements as follows:

- Creating and filing Form ADV Parts 1 and 2 and supporting documents
- Developing your customized Written Supervisory Procedures
- Drafting your Code of Ethics, BCP, and Insider Trading Policy
- Developing Solicitors Agreements and Disclosure Statements
- Reviewing planned marketing materials
- Licensing appropriate personnel

Adviser Compliance Support

SDCIPCO assists registered investment advisers (RIA) through the development of a compliance program per the Investment Advisers Act, the adoption of written policies and procedures designed to prevent violations, the designation of a Chief Compliance Officer, and the facilitation of your annual review.

SDCIPCO provides this continued assistance through retained or project consulting:

- IARD Administration, yearly amendments to ADV Parts 1 and 2, delivery of updated ADV Part 2 within 120 days of fiscal year-end, prep of state notice filing and registrations, and filing of amended ADV upon material change to business.
- Drafting policies and procedures, updating Written Supervisory Procedures, monitoring insider trading policy, and reviewing marketing/performance material.
- Conducting the Annual Review to test effectiveness of firm compliance and conducting compliance reviews to prepare for regulatory exams.

Outsourcing the CCO Role

An SDCIPCO professional will perform with proper knowledge and authority as CCO to administer your compliance program. Working closely with management and staff, your SDCIPCO CCO will plan, implement, and maintain your compliance program.

Benefits

For two decades, our seasoned experts have worked with major asset management firms and service providers, independently supporting their full compliance with regulatory requirements. SDCIPCO can establish a service model to suit your needs and maintain your institutional compliance through regulatory, business, and personnel changes.

The SDDCO Group Partners



Scott D. Daniels, CPA (sdaniels@sddco.com)

Scott D. Daniels, Managing Partner and founder of the SDDCO Group, has dedicated 30 years to leading his CPA and consulting company to expertly fulfill the accounting, supervisory, and compliance needs of financial services firms on an outsourced yet onsite basis. Accordingly, he is particularly skilled at advising clients on the formation, funding, operations and administration of their businesses. Mr. Daniels holds Financial and Operations Principal (Series 27) and a Corporate Securities Limited Representative (Series 62) FINRA licenses. He is a member of the AICPA and the Stockbrokerage Committee of the NY State Society of CPAs and has served on boards of financial services firms. He began his career with Peat Marwick, Mitchell after graduating cum laude from the University of Hartford.



Richard B. Sobel (rsobel@sddco.com)

Richard B. Sobel, Senior Partner of the SDDCO Group, joined the company in 1986. During his twenty-five years of service, Mr. Sobel has been instrumental in the growth and development of the firm. Mr. Sobel is a registered Financial and Operations Principal (Series 27) and a member of the New York State Society of CPA's. Prior to his tenure at S. D. Daniels & Co., Mr. Sobel honed his accounting skills with CPA firms servicing a variety of industries. Mr. Sobel earned a Bachelor of Science in Accounting from C.W. Post University in New York.



Robert A. Fortino, CPA (rfortino@sddco.com)

Robert A. Fortino, Senior Partner of the SDDCO Group, advises broker-dealers on FINRA/SEC membership and their adherence to net capital rules during daily operations, committed underwritings, and periods of re-structuring. Mr. Fortino works with investment banks, institutional trading firms, alternative investment firms, and retail brokerage. He sits on the board of a non-profit company and several client firms. He is a FINRA registered Financial and Operations Principal (Series 27), and a member of the AICPA and the Stockbrokerage Committee of the NY State Society of CPAs. He held senior positions at KPMG Peat Marwick LLP, Kidder, Peabody & Co., and Prudential Securities, Inc. Mr. Fortino earned a BBA in Public Accounting from Hofstra University and an MBA from St. John's University.



David R. Portnoff, CPA (dportnoff@sddco.com)

David R. Portnoff, Senior Partner of the SDDCO Group, has extensive experience servicing broker-dealers, with an emphasis in the Latin American securities sector. He also directs SDDCO Fund Services LLC, which supports futures commission merchants, commodity pool operators, and hedge funds. Mr. Portnoff worked previously for Moore Capital Management Inc. and McGladrey LLP performing audits and consulting engagements for FINRA member firms. He holds the FINRA Series 27 FinOp license membership in the AICPA and NYSSCPA. Mr. Portnoff received a Bachelor of Science in Accounting from the University of Hartford.

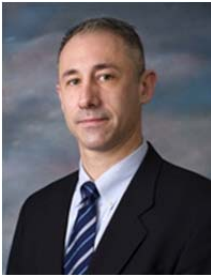
SDDCO Partners



Philip Lebovits, CPA

(plebovits@sddco.com)

Philip Lebovits, Partner of S.D. Daniels & Company, PC and Tax Director, has over thirty years of experience in the public and private sectors, serving broker-dealers, private equity funds and hedge funds. His strong tax background in corporate, high net worth individuals, international and state and local taxation, enables him to extend a wide array of services to SDDCO clients. Mr. Lebovits held senior level positions with Deloitte, Eisner, BDO Seidman, and Morgan Stanley. He is a member of the AICPA's "Financial Products Committee and the Wall Street Tax Association. Mr. Lebovits earned a BS in Accounting from the University of Buffalo.



Evan T. Ignall

(eignall@sddco.com)

Evan Ignall, Partner of SDDCO Regulatory Services LLC, delivers customized regulatory compliance services to broker-dealers. Mr. Ignall creates and tests procedures, liaisons with regulators, and implements education programs. He also guides forming and existing broker-dealers through their FINRA membership filing requirements. Prior, Mr. Ignall served as Director of Compliance for Buchanan Associates, establishing an outsourced compliance program; as Head of Compliance Training for Citigroup's Corporate & Investment Bank Corporation; as Continuing Education Manager for Securities Training; and as a consultant for the New York Institute of Finance. Mr. Ignall is a member of SIFMA Compliance & Legal and the National Society of Compliance Professionals. He holds the Series 7, 24, and 27 licenses and is a FINRA Industry Arbitrator. Mr. Ignall graduated from Rutgers College in 1988 and earned his Master's degree in 1995.



Hale Halasy

(hhalasy@sddco.com)

Hale Halasy, Partner of SDDCO Regulatory Services LLC, is a compliance and training professional with twenty-five years of experience. Mr. Halasy leads broker-dealers through the membership process and provides continued assistance to internal compliance programs. A Certified Anti-Money Laundering Specialist, Mr. Halasy also manages the AML testing program of S.D. Daniels & Company LLC. As a respected member of the NY Stock Exchange Series 7 Test Writing Committee (1999–2006), and Founder of CCH Wall Street Financial Training, Mr. Halasy amassed thirteen years training business professionals in compliance topics. He holds FINRA Series 7 and 24 licensures and memberships in the National Society of Compliance Professionals and SIFMA Compliance & Legal. Mr. Halasy earned a BS from Brooklyn College in Business, Management and Finance.

SDDCO Partners



Bryon H. Lyons (blyons@sddco-ba.com / www.sddco-ba.com)

Bryon Lyons, Partner and CEO of SDDCO Brokerage Advisors LLC, (SDDCO-BA) MEMBER FINRA/SIPC, specializes in regulatory services and consulting for broker-dealers and investment advisers. Mr. Lyons began his career at Dreyfus Service Corp. and Wit Capital Corp. where he supervised representatives, developed procedures, and instituted training programs. He later served as President of a New York brokerage firm dedicated to hedge funds and proprietary trading. Mr. Lyons is a FINRA registered Series 7, 24, 63, 55, and 27 and holds memberships in the National Society of Compliance Professionals. He graduated with a BAH from the University of Virginia.



Andrew D. Miller, CPA (amiller@sddco.com)

Andy Miller, Partner of S.D. Daniels & Co., P.C., joined the firm in 2006. Mr. Miller has over twenty years of experience servicing the financial services industry. Mr. Miller's diversified experience includes financial, management and S.E.C. reporting along with controller responsibilities. Prior positions include Audit Manager with Citigroup, Inc., VP of Management Reporting for BNY Brokerage, and also Assistant VP with Merrill, Lynch, Pierce, Fenner & Smith in the International Private Banking Group and the Corporate Credit department. He began his career with KPMG Peat Marwick, serving as a senior accountant specializing in the banking industry. Mr. Miller is a FINRA registered Financial and Operations Principal (Series 27). He earned a BS in Accounting from the University of Rhode Island.



Michael G. Glynn, FCCA (mglynn@sddco.com)

Michael Glynn, Principal of S.D. Daniels & Co., P.C., joined the firm in 2007 and provides accounting and FinOp services informed by more than twenty years of industry experience. Mr. Glynn commenced his career at the public accounting firm William J. O'Connor & Co (Dublin), and later served as senior analyst for Paine Webber Inc. (NY), financial controller for Tucker Anthony Inc. (NY), and financial controller for Wall Street Access (NY). Most recently, he acted as US Head of Finance for Macquarie Bank Limited. Mr. Glynn is a FINRA Registered Financial Operations Principal (Series 27), and an International Member of American Institute of Certified Public Accountants. He earned a Bachelor of Business Studies from the University of Limerick.