RUBICON FINANCIAL INC
Form 10-K
June 05, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

or

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 000-29315

RUBICON FINANCIAL INCORPORATED
(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	13-3349556 (I.R.S. Employer Identification No.)
18872 MacArthur Blvd., First Floor Irvine, California (Address of principal executive offices)	92612 (Zip Code)

Registrant’s telephone number, including area code (888) 668-9567

Securities registered pursuant to Section 12(b) of the Exchange Act: None

Securities registered pursuant to Section 12(g) of the Exchange Act: Common Stock, $0.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ¨ Yes x No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. ¨ Yes x No

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No

Indicate by checkmark whether the registrant has submitted electronically and posted on its corporation Website, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes ¨ No

Indicate by checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes x No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. $6,855,226 based on a share value of $0.35.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. 25,045,527 shares of common stock, $0.001 par value, outstanding on May 31, 2015, which does not include 250,000 shares authorized but unissued.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including, but not limited to, any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objections of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements or belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements may include the words “may,” “could,” “estimate,” “intend,” “continue,” “believe,” “exp “anticipate” or other similar words. These forward-looking statements present our estimates and assumptions only as of the date of this report. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the dates on which they are made. We do not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the dates they are made. You should, however, consult further disclosures we make in this Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The factors impacting these risks and uncertainties include, but are not limited to:

- deterioration in general or regional (especially Southern California) economic, market and political conditions;
- adverse actions by regulatory agencies, including the SEC or FINRA;
- adverse outcome of current FINRA enforcement actions;
- adverse outcomes of current or future arbitrations and litigation;
- our ability to repay our substantial debt obligations;
- our ability to successfully compete in the financial services industry;
- actions and initiatives taken by both current and potential competitors;
- inability to raise additional financing for working capital;
- inability to locate potential mergers and acquisitions within the financial services industry and integrate acquired companies into our organization;
- the impact of current, pending and future legislation (including the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”)), regulation (including capital, leverage and liquidity requirements), policies (including fiscal and monetary) and legal and regulatory actions in the United States (“U.S.”) and worldwide;
- deterioration in the financial services markets, lending markets and the real estate markets in general as a result of the delinquencies in the “subprime” mortgage markets;
- the level of volatility of interest rates as well as the shape of the yield curve;
- the fact that our accounting policies and methods are fundamental to how we report our financial condition and results of operations, and they may require management to make estimates about matters that are inherently uncertain;
- adverse state or federal legislation or regulation that increases the costs of compliance, or adverse findings by a regulator with respect to existing operations;
- changes in U.S. GAAP or in the legal, regulatory and legislative environments in the markets in which we operate;
- inability to efficiently manage our operations;
- inability to achieve future operating results;
- the unavailability of funds for capital expenditures;
- our ability to recruit and hire key employees;
- the inability of management to effectively implement our strategies and business plans; and

- the other risks and uncertainties detailed in this report.

In this form 10-K references to "Rubicon", "the Company", "we," "us," and "our" refer to Rubicon Financial Incorporated and wholly owned operating subsidiary, U.S. Financial Services, Inc. (doing business as Newport Coast Securities, Inc.)

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AVAILABLE INFORMATION

We file annual, quarterly and special reports and other information with the SEC. You can read these SEC filings and reports over the Internet at the SEC's website at www.sec.gov or on our website at www.rubiconfinancial.com. You can also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 am and 3:00 pm. Please call the SEC at (800) SEC-0330 for further information on the operations of the public reference facilities. We will provide a copy of our annual report to security holders, including audited financial statements, at no charge upon receipt to of a written request to us at Rubicon Financial Incorporated, 18872 MacArthur Blvd., First Floor, Irvine, California 92612.

PART I

Item 1. Business.

Rubicon Financial Incorporated is a financial services holding company. Our goal is to become a "Single Source Provider" (SSP) of distinct and diverse financial services, bundled together for client convenience. We believe that the economy of efficiencies that is anticipated to exist between the companies now combined in our wholly-owned subsidiary U.S. Financial Services, Inc. (doing business as Newport Coast Securities, Inc.) will increase our bottom line by lowering our costs. We are based in Orange County, California and operate primarily through Newport Coast Securities, Inc., a fully-disclosed broker-dealer, headquartered in Manhattan, New York, which also does business as Newport Coast Asset Management as a registered investment advisor and dual registrant with the Securities and Exchange Commission.

Our executive office is located at 18872 MacArthur Blvd., First Floor, Irvine, California 92612. Our telephone number is (888) 668-9567 and our website address is www.rubiconfinancial.com. The information on our website is for information purposes only and is not incorporated by reference into this report.

OUR BUSINESS

Overview

All of our revenue generating operations are currently conducted through U.S. Financial Services, Inc. (doing business as Newport Coast Securities, Inc.), a FINRA/SEC registered broker dealer and Investment Advisor ("NCS" or "Newport"). The types of financial services we offer through NCS are as follows: investment banking services for small to mid-sized companies; investment management and financial planning; and retail and institutional brokerage services.

NCS has been registered as a securities broker-dealer with the SEC for over a quarter of a century and has been located in the Orange County, California area since 1985. In March of 2013, NCS relocated its corporate headquarters to New York City.

Since mid-2008, we have expended tremendous time and resources into transforming NCS into a full service broker-dealer that provides retail and institutional securities services as well as investment banking, trading, brokerage, investment advisory and financial planning, and insurance services. NCS is a $100,000 broker/dealer with approximately 120 registered representatives in 30 branch offices producing approximately $22 million in revenues for the year ended December 31, 2014.

Operating as a securities broker-dealer and investment banking firm for almost thirty years, NCS has dual clearing agreements and is a correspondent firm with COR Clearing and Wedbush Morgan Securities.

NCS is registered with the Securities and Exchange Commission and is a member of FINRA and the Securities Investor Protection Corporation (SIPC). NCS is also a Registered Investment Advisor registered with the SEC and is also licensed as an insurance general agency. NCS is licensed to conduct its brokerage activities in all states except Maine and the District of Columbia and is currently approved to expand to 184 registered representatives and 95 offices.

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Products and Services

NCS offers both its institutional and retail clients access to an extensive list of investment products and services designed to meet their own unique needs. These investments are selected to help clients grow their asset base, protect their assets, maximize their tax efficiencies and provide clients with wealth distribution strategies for their heirs and beneficiaries. These products and services include, but are not limited to:

- Equities
- Fixed Income
- Options
- Mutual Funds
- Closed End Funds
- Exchange Traded Funds (ETFs)
- Unit Investment Trust
- Certificates of Deposit
- Fee Based Accounts
- Financial Planning
- Life Insurance
- Fixed Annuities
- Variable Annuities
- Long-Term Care Insurance
- Disability Insurance
- Estate Planning
- Retirement Plans
- 401k Plans
- 403b Plans
- Single K Plans
- Defined Benefit Plans
- Retirement Plan Advisory Services
- College Savings Plans
- 529 Plans
- Alternative Investments
- REITs
- Specialized Debt Offerings
- Non-Traded REITs
- Energy Programs
- Managed Futures

Investment Banking

NCS focuses on Small and Micro Cap companies. The preferred relationship with corporate clients of the firm is to provide complete investment banking services, including advisory services, corporate finance for public and private enterprises, securities transactions, trading, syndication, mergers and acquisitions, reorganizations, reverse mergers, PIPE's, and merchant banking. The firm also has experience in private equity placement, for both public and private companies. Clients can contract for comprehensive service or select any combination of investment banking services to meet their needs and the growth stage of their enterprise. NCS generated over $9 million in investment banking revenue for the year ended December 31, 2014.

Alternative Investment Products

NCS believes that there are many benefits to being able to offer Alternative Investments to its high net worth clients. Many of these investments are uncorrelated to the market, may provide tax benefits, and/or cash flow, while still providing potential appreciation.

These investments come in many forms such as private and public Limited Partnerships and LLCs, REIT's, DSTs, Direct Investments in real estate, Managed Futures, and more. Many high net worth clients may look for access to investment vehicles that may offer higher upside potential and are willing and able to bear the additional risk. The management team utilizes outside independent due diligence in addition to its own due diligence in this area with its management team possessing well over 30 years of experience in this asset class, in both up and down cycles, in alternative investments, with a focus on protecting the client in the selection of these products.

Insurance

Newport Coast Insurance has selling agreements most insurance products including fixed and variable annuity products, variable universal life, long-term care, disability and life insurance products for estate planning. NCS partners with only highly rated, reputable companies and field marketing organizations providing the latest innovative products to meet each client's needs.

Trading and Brokerage

NCS through its clearing partners utilizes highly regarded marker makers and order entry destinations, which allows NCS's customers effective and efficient execution of orders. NCS provides brokerage services to individuals, institutions and its investment banking corporate clients. NCS's account executives can handle large, complex portfolios. Institutional brokerage services are provided to corporate clients and fund managers of income, equity and hedge funds.

Investment Advisory

NCS is a state Registered Investment Advisor. NCS currently offers investment advisor services providing fee-based account management services to clients. In addition to customized fee-based account management, NCS offers a broad professional investment advisory platform allowing account executives and their clients to select from a premier group of professional money managers to manage client assets. Financial Planning services and products are provided to support the needs of NCS's high net worth/income clients, including their need for insurance, annuity, tax planning, and estate planning. Full service financial planning and investment advisory services are offered to serve the growing needs of corporate executives introduced to the firm through its investment banking activity.

Rubicon's Professional Corporate Team

Rubicon's corporate executives are located in our Orange County, California office and NCS's corporate executives and employees are located in the New York and Orange County offices.

The securities industry in the United States is subject to extensive regulation under both Federal and State law, as well as self-regulatory organizations. Through the issuance of policies and procedures, such as those related to related party transactions and insider trading, we aim to assure that our employees are aware of, and abide by, the various rules and regulations promulgated by these entities. While we attempt to maintain up-to-date policies and procedures, regulators are constantly defining and re-defining their interpretation of such rules and regulations in response to incidents and events, through various pronouncements and through enforcement actions aimed at behavior believed to violate such rules and regulations. As such, while we believe our current policies and procedures are reasonably designed to enforce the rules and regulations as currently interpreted, future interpretations of current rules or regulations, or further modifications to such rules and regulations could lead us to modify our policies, procedures and practices accordingly.

Risk Management

We utilize a multi-faceted, proactive risk management process in which we create situational awareness. We provide and promote an open dialogue to identify risk associated with all aspects of our business. Our management holds our compliance personnel and our professionals accountable for the detection, investigation, monitoring, and remediation of any inherent risks that would compromise our reputation, integrity, ethical standards, financial stability, or client relationships.

We conduct an internal risk analysis to identify strengths, weaknesses, opportunities, and threats and implement policies and procedures relevant to protecting our investment while promoting our growth. The policies and procedures are also intended to mitigate any weaknesses identified and monitor any threats on an on-going basis. We will ensure checks and balances are in place to analyze external conditions that could affect operations such as event risk, interest rate changes, credit and liquidity concerns, execution risk, new product implementation, and vendor quality. The risk management process will be effectively enhanced by asking questions, soliciting additional advice, observing, analyzing and talking with the competition and learning from their mistakes and assessing industry-wide business practices. We intend to have our management personnel meet on a regular basis to assess the findings of such analysis and make modifications to our processes as necessary.

In addition to the ordinary risks inherent in our business, we will attempt to prepare for those extraordinary risks that can unexpectedly arise. We intend to review and evaluate our critical operations and infrastructure and seek to promptly identify and address deficiencies. We will also assess additional areas of extraordinary risk, such as potential conflicts of interest and exposure to fraud, through comprehensive polling of our employees. We will attempt to identify and remedy any areas of potential conflicts of interest between our clients and us.

Net Capital Requirements

NCS is subject to the SEC's net capital rule (SEC Rule 15c3-1), which is designed to measure the general financial integrity and liquidity of a broker-dealer. Net capital is defined as the net worth of a broker-dealer subject to certain adjustments. In computing net capital, various adjustments are made to net worth which exclude assets not readily convertible into cash. Also, the regulations require that certain assets, such as a broker-dealer's position in securities, be valued in a conservative manner to avoid over-inflation of the broker-dealer's net capital.

At December 31, 2014, NCS had net capital of $337,695 which was $214,084 in excess of its required net capital of $123,611.

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Also, funds invested as equity capital may not be withdrawn, nor may any unsecured advances or loans be made to any stockholder of a registered broker-dealer, if, after giving effect to the withdrawal, advance or loan and to any other withdrawal, advance or loan as well as to any scheduled payments of subordinated debt which are scheduled to occur within six months, the net capital of the broker-dealer would fall below 120% of the minimum dollar amount of net capital required or the ratio of aggregate indebtedness to net capital would exceed 10 to 1. Further, any funds invested in the form of subordinated debt generally must be invested for a minimum term of one year and repayment of such debt may be suspended if the broker-dealer fails to maintain certain minimum net capital levels. For example, scheduled payments of subordinated debt are suspended in the event that the ratio of aggregate indebtedness to net capital of the broker-dealer would exceed 12 to 1 or its net capital would be less than 120% of the minimum dollar amount of net capital required. The net capital rule also prohibits payments of dividends, redemption of stock and the prepayment, or payment in respect of principal or subordinated indebtedness if net capital, after giving effect to the payment, redemption or repayment, would be less than the specified percentage (120%) of the minimum net capital requirement.

Failure to maintain the required net capital may subject a firm to fines, suspension or expulsion by FINRA, the SEC and other regulatory bodies and ultimately may require its liquidation. Compliance with the net capital rule could limit NCS's operations that require the intensive use of capital, such as underwriting and trading activities, and also could restrict our ability to withdraw capital from our subsidiaries, which could limit our ability to access working capital and repay debt. In the past, we have entered into, and from time to time in the future may enter into, temporary subordinated loan arrangements to borrow funds on a short-term basis from our stockholders, unaffiliated third parties or banks to supplement our working capital needs.

Competition

Our primary competitors will be local and regional investment banks that provide similar comprehensive financial services and full service independent contractor broker-dealers.

We will be subject to intense competition in all of the markets for our principal financial products and services in the United States. Several large Wall Street and foreign firms dominate the securities industry. Over the past several years there have been numerous acquisitions of securities firms by large financial institutions and insurance companies. These financial institutions have greater financial resources than we do, which allow them to engage in additional lending activities to businesses in connection with providing financial advisory services as well as to underwrite larger offerings and hold much larger trading positions than we are able.

The large financial institutions and insurance companies have a broader product base and geographic reach, which may mitigate the effects on their businesses of a downturn in certain market conditions or a downturn in the economy in specific regions of the country or sectors of the economy. We also compete with regional broker-dealers and small boutique firms. In addition, we compete with alternative trading systems via the internet and other media through which securities and futures transactions are affected. Competition is principally based on price, quality of service, reputation and financial resources. There has been increased competition in recent years from other market participants, including insurance companies, commercial banks, electronic communications networks, online brokerage firms, mutual fund sponsors and other companies offering financial services.

There is competition within our industry in obtaining and retaining the services of qualified employees. Our ability to compete effectively is dependent upon attracting, retaining and motivating qualified individuals. The ability to attract, retain, and motivate such persons depends, among other things, on geographical location, work environment, culture and compensation. We believe the fact we are publicly traded, which enables us to offer stock-based compensation and incentives, will allow us to compete more effectively for qualified employees.

Regulation

Securities

NCS is subject to complex and extensive regulation of most aspects of its business by Federal and State regulatory agencies, self-regulatory agencies, securities exchanges and by foreign governmental agencies, regulatory bodies and securities exchanges. The regulatory framework of the securities industry is designed primarily to safeguard the integrity of the capital markets and protect customers, not creditors or stockholders. The laws, rules, and regulations comprising such regulatory framework are constantly changing, as are the interpretation and enforcement of existing laws, rules, and regulations. The effect of any such changes cannot be predicted and may direct the manner of operation and profitability of our company.

NCS is subject to regulations governing every aspect of the securities business, including the effecting of securities transactions, capital requirements, record-keeping, reporting procedures, relationships with customers, the handling of cash and margin accounts, training requirements for certain employees and business procedures with firms that are not members of these regulatory bodies.

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NCS is registered as a securities broker-dealer with the SEC. The securities exchanges mentioned above and the FINRA are voluntary, self-regulatory bodies composed of members, such as NCS, which have agreed to abide by the respective bodies' rules and regulations. These organizations may expel, fine, and otherwise discipline member firms and their employees. NCS is licensed as a broker-dealer in all states except Maine. This will require us to comply with the laws, rules, and regulations of each state. Each state may revoke the license to conduct a securities business, fine, and otherwise discipline broker-dealers and their employees.

NCS is also subject to the SEC's uniform net capital rule, Rule 15c3-1. The uniform net capital rule sets the minimum level of net capital a broker-dealer must maintain and also requires that a portion of its assets be relatively liquid. In addition, NCS is subject to certain notification requirements related to withdrawals of excess net capital.

The research areas of investment banks have been, and remain, the subject of increased regulatory scrutiny. In 2002 and 2003, acting in part pursuant to a mandate contained in the Sarbanes-Oxley Act, the SEC and the FINRA adopted rules imposing heightened restrictions on the interaction between equity research analysts and investment banking personnel. The SEC and the FINRA may adopt additional and more stringent rules with respect to research analysis in the future. NCS does not currently provide research analysis on securities, but may do so in the future.

NCS is also subject to the USA Patriot Act anti-money-laundering provisions which, mandates the implementation of various new regulations applicable to broker-dealers and other financial services companies, including standards for verifying client identification at account opening and obligations to monitor client transactions and report suspicious activities. Through these and other provisions, the USA Patriot Act seeks to promote the identification of parties that may be involved in terrorism or money laundering. Anti-money laundering laws outside the United States contain some similar provisions. The obligation of financial institutions to identify their customers, watch for and report suspicious transactions, respond to requests for information by regulatory authorities and law enforcement agencies, and share information with other financial institutions, has required the implementation and maintenance of internal practices, procedures, and controls which have increased, and may continue to increase, our costs, and any failure with respect to our programs in this area could subject us to substantial liability and regulatory sanctions.

The Dodd-Frank Act includes various provisions that affect the regulation of broker-dealer sales practices and customer relationships. For example, the SEC is authorized to adopt a fiduciary duty applicable to broker-dealers when providing personalized investment advice about securities to retail customers. The U.S. Department of Labor is considering revisions to regulations under the Employee Retirement Income Security Act of 1974 that could subject broker-dealers to a fiduciary duty and prohibit specified transactions for a wider range of customer interactions. These developments may impact the manner in which affected businesses are conducted, decrease profitability and increase potential liabilities.

Insurance

The California Department of Insurance regulates such matters as the licensing of sales personnel and the marketing and contents of insurance policies and annuity contracts. The primary purpose of such regulation and supervision is to protect the interests of contract holders and policyholders. Financial regulation is extensive, and any financial and intercompany transactions between an insurance subsidiary and any of our other companies (such as intercompany dividends, capital contributions and investment activity) may be subject to pre-notification and continuing evaluation by the California Department of Insurance.

At the Federal level, there is periodic interest in enacting new regulations relating to various aspects of the insurance industry, including taxation of annuities and life insurance policies, accounting procedures, and the treatment of persons differently because of gender, with respect to terms, conditions, rates or benefits of an insurance policy. Adoption of any new federal regulation in any of these areas could potentially have an adverse effect upon us and any insurance subsidiary. Also, recent federal legislative proposals aimed at the promotion of tax-advantaged savings through Lifetime Savings Accounts and Retirement Savings Accounts may adversely impact our sales of annuity and life insurance products if enacted.

Financial Reform Act

The Dodd-Frank Act was enacted on July 21, 2010. While certain portions of the Dodd-Frank Act became effective immediately, most other portions are effective following transition periods or through numerous rulemakings by multiple governmental agencies, and although a large number of rules have been proposed, many are still subject to final rulemaking or transition periods. U.S. regulators also plan to propose additional regulations to implement the Dodd-Frank Act. Accordingly, it remains difficult to assess fully the impact that the Dodd-Frank Act will have on the Company and on the financial services industry generally.

It is likely that 2015 and subsequent years will see further material changes in the way major financial institutions are regulated in both the U.S. and other markets in which the Company operates, although it remains difficult to predict the exact impact these changes will have on the Company's business, financial condition, results of operations and cash flows for a particular future period.

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As a result of the passage of the Dodd-Frank Act, the Company’s asset management activities will be subject to certain additional laws and regulations, including, but not limited to, additional reporting and recordkeeping requirements (including with respect to clients that are private funds), restrictions on sponsoring or investing in, or maintaining certain other relationships with, “covered funds,” as defined in the Volcker Rule, subject to certain limited exemptions, and certain rules and regulations regarding trading activities, including trading in derivatives markets. Many of these new requirements may increase the expenses associated with the Company’s asset management activities and/or reduce the investment returns the Company is able to generate for its asset management clients. Several important elements of the Dodd-Frank Act will not be known until rulemaking is finalized and certain final regulations are adopted.

DIAL-A-CUP SPINOUT

On July 31, 2007, we entered into a Separation and Distribution Agreement with Dial-A-Cup, Inc., a Nevada corporation and our wholly owned subsidiary (“DAC”), whereby we agreed to spinout at least 50% of the shares of DAC common stock owned by us to our stockholders on a ten for one basis (each of our stockholders will receive one DAC share for every ten shares they hold in us). The Separation and Distribution Agreement further provides, among other things, for the principal corporate transactions required to affect the spinout and certain other agreements governing our relationship with DAC after the spinout. Generally, DAC will take all of the business, assets and liabilities transferred to or assumed by it pursuant to the Separation and Distribution Agreement or other ancillary agreements on an “as is, where is” basis without representations or warranties by us.

DAC is required to file a registration statement on Form S-1 to register shares of DAC common stock to be distributed to our stockholders. The record date for the distribution of DAC shares shall be set as the tenth day following effectiveness of the S-1 registration statement. Fractional shares of DAC will be rounded up to the nearest whole DAC share. Following the completion of the distribution, DAC plans to seek a market maker to quote its common stock on the Over-the-Counter Bulletin Board.

All stockholders that hold shares of our common stock prior to the effective date of the registration statement will receive shares of DAC in conjunction with the spin-out.

Due to a lack of sufficient capital resources and dormant nature of DAC, the registration process has not commenced and is not anticipated to commence until such time as DAC is able to raise sufficient capital, which is not anticipated to be in the next twelve months.

DAC Business

Dial-A-Cup is a rotating cylinder appliance of six individual compartments that allows one fresh cup of coffee, tea, hot chocolate, soup, etc. to be brewed with each compartment having its own permanent filter. DAC developed the appliance through Advance Plastics (San Diego, CA) and its manufacturing facilities in China. The first prototype was completed in late 2004, and the initial pre-production appliances were manufactured for submission for UL approval. However, at this point in time DAC has conducted no business and is dormant pending the receipt of capital.

There is a wide and varied customer base for beverage systems. Initial marketing, once capital is raised, is anticipated to be to small businesses nationwide through the use of established national distributors, followed by introduction to the consumer via television through the consumer home shopping networks followed by sales to national retailers.

The on-demand coffee systems currently being marketed have met with sales difficulties because they require the use of the manufacturers “coffee pods” which are expensive and limited in selection. The Dial-A-Cup appliance is designed to allow the customer to continue to use the brand of coffee, or other beverage, they currently use in their drip coffee pots. DAC plans to market its own private label custom blended coffee for its appliance.

Although we have not commenced any significant operations with our on-demand coffee systems, we believe we offer a unique product that does not have any direct competitors. However, we indirectly compete with dispensed coffee manufacturers, coffee shops, coffee or drinks sales, and more generally the beverage industry as a whole.

Dial-A-Cup is a trademarked name, and has been issued two (2) U.S. Patents to date, and has one (1) patent pending.

In May 2007, DAC changed its corporate domicile from New York to Nevada through a merger with a newly formed Nevada corporation and wholly owned subsidiary.

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Item 1A. Risk Factors.

In the course of conducting our business operations, we are exposed to a variety of risks that are inherent to the financial services industry. The following discusses some of the key inherent risk factors that could affect our business and operations, as well as other risk factors which are particularly relevant to us. Other factors besides those discussed below or elsewhere in this report also could adversely affect our business and operations, and these risk factors should not be considered a complete list of potential risks that may affect us.

Risks Relating To Our Business and Marketplace

Substantial doubt exists about our ability to continue our business as a going concern.

Our financial statements have been prepared assuming we will continue as a going concern. We had insufficient working capital as of December 31, 2014. As a result of our losses and ongoing need for financing, the report from our independent registered public accounting firm on our financial statements for the year ended December 31, 2014 contained a paragraph indicating substantial doubt about our ability to continue as a going concern. If we do not raise sufficient debt or equity capital, we may be forced to curtail our operations and may be unable to respond to competitive pressures and/or perceived opportunities. These conditions create uncertainty as to our ability to continue as a going concern, and our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We have incurred, and may continue to incur, significant operating losses.

We incurred significant losses from operations for the years ended December 31, 2014 and 2013. We cannot assure you that we will be able to achieve revenue growth, profitability or positive cash flow on either a quarterly or annual basis. In addition, we do not have adequate cash to fund our current level of operating activities through fiscal 2015, which will require us to continue to finance our working capital needs through additional equity or debt financings. If we are unable to operate profitably, we may not be financially viable in the future and may have to curtail, suspend or cease operations.

We need additional capital to finance our operations, which we may not be able to raise or it may only be available on terms unfavorable to us and or our stockholders. This may result in our inability to fund our working capital requirements and harm our operational results.

We have and expect to continue to have substantial working capital needs. We believe that current cash on hand and the other sources of liquidity will not be sufficient enough to fund our operations in the ordinary course of business through fiscal 2015. We will need to raise additional funds to continue our operations. Furthermore, additional funds will be needed to pursue our intentions of acquiring private companies in the financial services industry.

Additional financing might not be available on terms favorable to us, or at all. If adequate funds were not available or were not available on acceptable terms, our ability to fund our operations, take advantage of unanticipated opportunities, develop or enhance our business or otherwise respond to competitive pressures would be significantly limited.

Our indebtedness could adversely affect our business and limit our ability to plan for or respond to changes in our business, and we may be unable to generate sufficient cash flow to satisfy significant debt service obligations.

As of December 31, 2014, we had significant current debt repayment obligations. We are prohibited under the terms of our senior debt from incurring additional debt without the consent of the debt holder. Our indebtedness could have important consequences, including the following:

- increasing our vulnerability to general adverse economic and industry conditions;
- reducing the availability of our cash flow for other purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate, which would place us at a competitive disadvantage compared to our competitors that may have less debt;
- limiting, by the financial and other restrictive covenants in our debt agreements, our ability to borrow additional funds; and
- having a material adverse effect on our business if we fail to comply with the covenants in our debt agreements, because such failure could result in an event of default that, if not cured or waived, could result in all or a substantial amount of our indebtedness becoming immediately due and payable.

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Our ability to repay our significant indebtedness will depend on our ability to generate cash, whether through cash from operations or cash raised through the issuance of additional equity based securities. To a certain extent, our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. If our business does not generate sufficient cash flow from operations or if future equity financings are not available to us in amounts sufficient to enable us to fund our liquidity needs, our financial condition and operating results may be adversely affected. If we cannot make scheduled principal and interest payments on our debt obligations in the future, we may need to refinance all or a portion of our indebtedness on or before maturity, sell assets, delay capital expenditures, cease operations or seek additional equity.

As a financial services holding company, we are dependent on financing from the sale of our securities and funds from our operating subsidiary.

We are a holding company that is a separate and distinct legal entity from our broker-dealer subsidiary. We therefore depend on dividends, distributions and other payments from our operating subsidiary and borrowings and will depend in large part on financing from the sale of our securities to fund payments on our obligations, including debt obligations. Our broker-dealer subsidiary is subject to laws that authorize regulatory bodies to block or reduce the flow of funds from this subsidiary to us. Regulatory action of that kind could impede access to funds we need to make payments on our obligations. In addition, our right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors.

An inability to access capital readily or on terms favorable to us could impair our ability to fund operations and could jeopardize our financial condition.

Access to funds is essential to our business. In the future we may need to incur debt or issue equity in order to fund our working capital requirements, as well as to make acquisitions and other investments. Our access to funding sources could be hindered by many factors. Those factors that are specific to our anticipated line of business include the possibility that lenders could develop a negative perception of our long-term or short-term financial prospects if we incur large trading losses or legal liabilities or if the level of our business activity decreases due to a market downturn. Similarly, our access may be impaired if regulatory authorities take significant action against us, or if our employees engage in material unauthorized or illegal activity.

The financial services industry faces substantial litigation and is subject to extensive regulatory investigations, and we may face damage to our reputation and legal liability.

As a financial services firm, we face the risk of investigations and proceedings by governmental and self-regulatory organizations. Interventions by authorities may result in adverse judgments, settlements, fines, penalties, injunctions or other relief. In addition to the monetary consequences, these measures could, for example, impact our ability to engage in, or impose limitations on, certain of our businesses. The number of these investigations and proceedings, as well as the amount of penalties and fines sought, has increased substantially in recent years with regard to many firms in the financial services industry, including us. Significant regulatory action against us could materially adversely affect our business, financial condition or results of operations or cause us significant reputational harm, which could seriously harm our business. The Dodd-Frank Act also provides compensation to whistleblowers who present the SEC with information related to securities laws violations that leads to a successful enforcement action. As a result of this compensation, it is possible we could face an increased number of investigations by the SEC.

We have been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions, and other litigation, as well as investigations or proceedings brought by regulatory agencies, arising in connection with our activities as a financial services company, most recently the two Wells notices from FINRA. Certain of the actual or threatened legal or regulatory actions include claims for substantial compensatory and/or punitive damages, claims for indeterminate amounts of damages, or may result in penalties, fines, or other results adverse to us. In some cases, the issuers or brokers that would otherwise be the primary defendants in such cases are bankrupt or in financial distress or no longer registered with us. Like any corporation, we are also subject to risk from potential employee misconduct, including non-compliance with policies and improper use or disclosure of confidential information.

Substantial legal liability could materially adversely affect our business, financial condition or results of operations or cause us significant reputational harm, which could seriously harm our business. For example, over the last several years, the level of litigation and investigatory activity (both formal and informal) by government and self-regulatory agencies has increased materially in the financial services industry. As a result, we have been, and expect that we may continue to become, the subject of increased claims for damages and other relief in the future and there can be no assurance that additional material losses will not be incurred from claims that have not yet been asserted or are not yet determined to be material. For more information regarding legal proceedings in which we are involved see "Legal Proceedings" in Part I, Item 3 herein.

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Errors and omissions claims may negatively affect our business and results of operations.

Our broker dealer subsidiary is subject to claims and litigation in the ordinary course of business resulting from alleged and actual errors and omissions in placing insurance, effecting securities transactions and rendering investment advice. These activities involve substantial amounts of money. Since errors and omissions claims against our operating subsidiary or its financial advisors may allege liability for all or part of the amounts in question, claimants may seek large damage awards. These claims can involve significant defense costs. Errors and omissions could include, for example, failure, whether negligently or intentionally, to effect securities transactions on behalf of clients, to choose suitable investments for any particular client, to supervise a financial advisor or to provide insurance carriers with complete and accurate information. It is not always possible to prevent or detect errors and omissions, and the precautions our subsidiary takes may not be effective in all cases. Our liability for significant and successful errors and omissions claims may materially and negatively affect our results of operations.

As a financial service company, our success depends, in part, on our ability to adapt our products and services to evolving industry standards.

Our business model is based on a diversified mix of businesses that provides a wide range of financial products and services, delivered through multiple distribution channels. Which means our success depends, in part, on our ability to adapt our products and services to evolving industry standards. There is increasing pressure by competition to provide products and services at lower prices. This can reduce our revenues from our fee-based products and services. In addition, the widespread adoption of new technologies, including Internet services, could require us to incur substantial expenditures to modify or adapt our existing products and services. We might not be successful in developing and introducing new products and services, responding or adapting to changes in consumer spending and saving habits, achieving market acceptance of our products and services, or developing and maintaining loyal customers.

Misconduct by our employees and independent financial advisors is difficult to detect and deter and could harm our business, results of operations or financial condition.

Misconduct by our employees and independent financial advisors could result in violations of law by us, regulatory sanctions and/or serious reputational or financial harm.

Misconduct could include:

- binding us to transactions that exceed authorized limits;
- hiding unauthorized or unsuccessful activities resulting in unknown and unmanaged risks or losses;
- improperly using or disclosing confidential information;
- recommending transactions that are not suitable or in the client’s best interests;
- engaging in fraudulent or otherwise improper activity;
- engaging in unauthorized or excessive trading to the detriment of customers; or
- otherwise not complying with laws or our control procedures.

We cannot always deter misconduct by our employees and independent financial advisors, and the precautions we take to prevent and detect this activity may not be effective in all cases. Prevention and detection among our independent financial advisors, who are not employees of our company and tend to be located in small, decentralized offices, present additional challenges. Misconduct by our employees and independent financial advisors may have a material adverse effect on our business and results of operations.

We may not be able to retain our key personnel or hire the personnel we need to sustain and grow our business.

We face intense competition for qualified employees from businesses in the financial services industry. Our performance is highly dependent upon our ability to attract, retain, and motivate highly skilled, talented employees. These professionals are regularly recruited by other firms and may choose to change firms, in which case their clients may choose to move their assets. Given our relatively small size compared to some of our competitors, the performance of our business may be more adversely affected than our competitors would be if we lose well-performing employees and are unable to attract new ones.

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Regulatory capital requirements and our holding company structure may adversely affect our ability to expand or maintain present levels of our business or impair our ability to meet our financial obligations.

We have a broker-dealer subsidiary, NCS, which is subject to the SEC's uniform net capital rule, Rule 15c3-1, which sets the minimum level of net capital a broker-dealer must maintain and also requires that a portion of its assets be relatively liquid. As we are a holding company, we will depend on dividends and other payments from our subsidiaries to fund all payments on our obligations, including any debt obligations, and potential working capital requirements. These regulatory restrictions may impede our access to funds. In addition, underwriting commitments require a charge against net capital and, accordingly, NCS's ability to make underwriting commitments may be limited by the requirement that it must at all times be in compliance with the applicable net capital regulations. NCS is also be subject to certain notification requirements related to withdrawals of excess net capital.

We are subject to strict government regulations and the failure to comply could result in disciplinary actions.

The securities industry in the United States is subject to extensive regulations under both Federal and State laws. Broker-dealers, such as NCS, and investment advisors are subject to regulations covering all aspects of their business. Recently, the securities industry has experienced a great deal of negative exposure due to alleged underwriting negligence, conflicts of interest, research improprieties and mutual fund trading improprieties. As a result, regulatory agencies and the U.S. government have intervened in an attempt to resolve these various issues, including the passage of the Dodd-Frank Act. In addition, the SEC, FINRA, other self-regulatory organizations, and state securities commissions can censure, fine, issue cease-and-desist orders, or suspend or expel a broker-dealer or any of its officers or employees.

Our ability to comply with all applicable laws and rules is largely dependent on our establishment and maintenance of a system to ensure compliance with these laws and rules, as well as our ability to attract and retain qualified compliance personnel. The demands placed upon our personnel and financial resources may be too significant for us to quickly adapt to a changing regulatory environment and may impact our ability to provide or expand our services. Any disciplinary or other action imposed upon us due to claimed noncompliance in the future could have a material adverse effect on our business, financial condition and operating results.

In addition, our operations and profitability may be affected by additional legislation, changes in rules promulgated by the SEC, FINRA, other self-regulatory organizations, and state securities commissions, or changes in the interpretation or enforcement of existing laws and rules including, but not limited to, existing regulations which restrict communications between our research analysts and our other departments. We cannot assure you that such future regulations will not require us to implement additional compliance policies and that such policies will not materially increase our compliance expenses or otherwise adversely affect our business, financial condition and operating results.

We engage in the securities business that subjects us to the specific risks of that business.

The securities business is by its nature subject to various risks, particularly in volatile or illiquid markets, including the risk of losses resulting from the underwriting or ownership of securities, customer fraud, employee errors and misconduct, failures in connection with the execution of securities transactions, and litigation. Our business and profitability are affected by many other factors, including:

• Volume, size and timing of securities transactions;
• Demand for investment banking services;
• Level and volatility of interest rates;
• Availability of credit;

• Volatility of equity and debt securities held in inventory;
• Legislation affecting the business and financial communities; and
• The economy in general.

Conditions in the financial markets and the economy generally have a direct and material impact on our results of operations and financial condition. For example, our investment banking revenue, in the form of underwriting discounts, placement agent fees, and financial advisory fees, is directly related to the volume and value of the transactions in which we are involved. When uncertain or unfavorable market or economic conditions exist, the volume and size of capital-raising transactions and acquisitions and dispositions typically decrease, thereby reducing the demand for our investment banking services and increasing price competition.

A downturn in the financial markets may also result in a decline in the volume and value of trading transactions. This could lead to a decline in the revenue we receive from commissions on the execution of trading transactions and a reduction in the value of our trading positions, commissions and spreads. Sudden sharp declines in market values of securities can result in illiquid markets, making it more difficult to resell securities we own and decreasing our trading activities generally, and the failure of counterparties to perform their obligations, as well as increases in claims and litigation, including arbitration claims from clients.

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We may not be able to compete successfully with other companies in the securities industry.

The securities industry is extremely competitive and our overall business will be adversely affected if we are unable to compete successfully. In recent years, significant price competition in many areas of our business, including pressure on trading spreads and commissions have reduced financial service firms' profit margins. We believe that price competition in these and other areas will continue as some of our competitors seek to obtain market share by reducing fees, commissions, or spreads. Many of these companies are larger than we are, have greater financial resources and may be more willing to lend money to businesses in connection with providing them with financial advisory services. In our proposed capital markets and investment banking businesses, we would compete against larger national and international firms with much larger capital bases that allow them to underwrite larger offerings and hold much larger trading positions.

Further, consolidation in the securities industry fostered in part by changes in the regulatory framework in the U.S. has also increased competition, bolstering the capital base, product diversification, and geographic reach of some of our competitors. Finally, the emergence of alternative securities and futures trading systems via the internet and other media has offered a potentially less expensive alternative to our services. If this trend toward using alternative trading systems continues to grow, it may adversely affect our commission and trading revenue, reduce our participation in the trading markets and our ability to access market information, and result in the creation of new and stronger competitors.

We may experience further writedowns of our financial instruments and other losses related to volatile and illiquid market conditions.

Market volatility, illiquid market conditions and disruptions in the credit markets have made it extremely difficult to value certain of our securities. Subsequent valuations, in light of factors then prevailing, may result in significant changes in the values of these securities in future periods. In addition, at the time of any sales and settlements of these securities, the price we ultimately realize will depend on the demand and liquidity in the market at that time and may be materially lower than their current fair value. Any of these factors could require us to take further writedowns in the value of our securities portfolio, which may have an adverse effect on our results of operations in future periods.

In addition, financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. Under these extreme conditions, hedging and other risk management strategies may not be as effective at mitigating trading losses as they would be under more normal market conditions. Moreover, under these conditions market participants are particularly exposed to trading strategies employed by many market participants simultaneously and on a large scale, such as crowded trades. Severe market events have historically been difficult to predict, however, and we could realize significant losses if unprecedented extreme market events were to occur, such as conditions in the global financial markets and global economy that prevailed from 2008 through 2011.

Our business could be adversely affected by a breakdown in the financial markets.

As a securities broker-dealer, the business of NCS is materially affected by conditions in the financial markets and economic conditions generally, both in the United States and elsewhere around the world. Many factors or events could lead to a breakdown in the financial markets including war, terrorism, natural catastrophes and other types of disasters. These types of events could cause people to begin to lose confidence in the financial markets and their ability to function effectively. If the financial markets are unable to effectively prepare for these types of events and ease public concern over their ability to function, our revenues are likely to decline and our operations are likely to be adversely affected.

Our revenues may decline in adverse market or economic conditions.

Unfavorable financial or economic conditions may reduce the number and size of the transactions in which we provide services. Our investment banking revenues, in the form of financial advisory, placement agent and other fees, are directly related to the number and size of the transactions in which we participate and would therefore be adversely affected by a sustained market downturn. Additionally, a downturn in market conditions could lead to a decline in the volume of transactions that we execute for our customers and, therefore, to a decline in the revenues we receive from commissions and spreads. We must review customer relationships for impairment whenever events or circumstances indicate that impairment may be present, which may result in a material, non-cash write down of customer relationships. A significant decrease in revenues or cash flows derived from acquired customer relationships could result in a material, non-cash write-down of customer relationships. Such impairment would have a material adverse impact on our results of operations and stockholders' equity.

Market fluctuations and volatility may reduce our revenues and profitability.

Financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity, such as the asset price deterioration in the subprime residential mortgage market.

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Our revenue and profitability may be adversely affected by declines in the volume of securities transactions and in market liquidity. Additionally, our profitability may be adversely affected by losses from the trading or underwriting of securities or failure of third parties to meet commitments. We act as a market maker in publicly traded common stocks. In market making transactions, we undertake the risk of price changes or being unable to resell the common stock it holds or being unable to purchase the common stock it has sold. These risks are heightened by the illiquidity of many of the common stocks we trade and/or make a market. Any losses from our trading activities, including as a result of unauthorized trading by our employees, could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Lower securities price levels may also result in a reduced volume of transactions, as well as losses from declines in the market value of common stocks held for trading purposes. During periods of declining volume and revenue, our profitability would be adversely affected. Declines in market values of common stocks and the failure of issuers and third parties to perform their obligations can result in illiquid markets.

We generally maintain trading and investment positions in the equity markets. To the extent that we own assets, i.e., have long positions, a downturn in those markets could result in losses from a decline in the value of such long positions. Conversely, to the extent that we have sold assets that we do not own, i.e., have short positions in any of those markets, an upturn could expose it to potentially unlimited losses as we attempt to cover our short positions by acquiring assets in a rising market.

We may, from time to time, have a trading strategy consisting of holding a long position in one asset and a short position in another from which we expect to earn revenues based on changes in the relative value of the two assets. If, however, the relative value of the two assets changes in a direction or manner that we did not anticipate or against which we have not hedged, we might realize a loss in those paired positions. In addition, we maintain trading positions that can be adversely affected by the level of volatility in the financial markets, i.e., the degree to which trading prices fluctuate over a particular period, in a particular market, regardless of market levels.

Poor performance of the investment products and services recommended or sold to asset management clients may have a material adverse effect on our business.

Our investment advisory clients generally may terminate their contracts at any time. These clients can terminate their relationship, reduce the aggregate amount of assets under management or shift their funds to other types of accounts with different rate structures for any number of reasons, including investment performance, changes in prevailing interest rates, financial market performance and personal client liquidity needs. Poor performance of the investment products and services recommended or sold to such clients relative to the performance of other products available in the market or the performance of other investment management firms tends to result in the loss of accounts. The decrease in revenue that could result from such an event could have a material adverse effect on our results of operations.

The financial services industry is subject to extensive regulation, which is undergoing major changes that will impact our business.

Like other financial services firms, we are subject to extensive regulation by U.S. federal and state regulatory agencies and securities exchanges and by regulators and exchanges in each of the major markets where we conduct our business. These laws and regulations significantly affect the way we do business, and can restrict the scope of our existing businesses and limit our ability to expand our product offerings and pursue certain investments.

In response to the financial crisis, legislators and regulators, both in the U.S. and worldwide, have adopted, or are currently considering enacting, financial market reforms that have resulted and could result in major changes to the way our global operations are regulated. In particular, as a result of the Dodd-Frank Act, we are, or will become, subject to (among other things) significantly revised and expanded regulation and supervision, to more intensive scrutiny of our businesses and any plans for expansion of those businesses, to new activities limitations, to a systemic risk regime that imposes heightened capital and liquidity requirements, and to comprehensive new derivatives regulation. While certain portions of the Dodd-Frank Act became effective immediately, most other portions are effective following transition periods or through numerous rulemakings by multiple governmental agencies, and although a large number of rules have been proposed, many are still subject to final rulemaking or transition periods. U.S. regulators also plan to propose additional regulations to implement the Dodd-Frank Act. Many of the changes required by the Dodd-Frank Act could materially impact the profitability of our businesses and the value of assets we hold, expose us to additional costs, require changes to business practices or force us to discontinue businesses, or require us to raise capital, including in ways that may adversely impact our stockholders or creditors. In addition, similar regulatory requirements are being proposed by foreign policymakers and regulators, which may be inconsistent or conflict with regulations that we are subject to in the U.S. and, if adopted may adversely affect us. While there continues to be uncertainty about the full impact of these changes, we do know that the Company will be subject to a more complex regulatory framework, and will incur costs to comply with new requirements as well as to monitor for compliance in the future.

Automated trading markets may adversely affect our business and may increase competition.

We have experienced intense price competition in some of our businesses in recent years. In particular, the ability to execute securities trades electronically on exchanges and through other automated trading markets has increased the pressure on trading commissions. The trend toward direct access to automated, electronic markets will likely continue. It is possible that we will experience competitive pressures in these and other areas in the future as some of our competitors may seek to obtain market share by reducing prices.

Our risk management policies and procedures may leave us exposed to unidentified risks or an unanticipated level of risk.

The policies and procedures we employ to identify, monitor and manage risks may not be fully effective. Some methods of risk management are based on the use of observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures indicate. Other risk management methods depend on evaluation of information regarding markets, clients or other matters that are publicly available or otherwise accessible by us. This information may not be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. We cannot assure you that our policies and procedures will effectively and accurately record and verify this information.

We seek to monitor and control our risk exposure through a variety of separate but complementary financial, credit, operational and legal reporting systems. Nonetheless, the effectiveness of our ability to manage risk exposure can never be completely or accurately predicted or fully assured. For example, unexpectedly large or rapid movements or disruptions in one or more markets or other unforeseen developments can have a material adverse effect on our results of operations and financial condition. The consequences of these developments can include losses due to adverse changes in inventory values, decreases in the liquidity of trading positions, higher volatility in earnings, increases in our credit risk to customers as well as to third parties and increases in general systemic risk.

Our clearing brokers extend credit to our clients and we are liable if the clients do not pay.

NCS permits its clients to purchase securities on a margin basis or sell securities short, which means that our clearing firms extend credit to the client secured by cash and securities in the client’s account. During periods of volatile markets, the value of the collateral held by the clearing brokers could fall below the amount borrowed by the client. If margin requirements are not sufficient to cover losses, the clearing broker sells or buys securities at prevailing market prices, and may incur losses to satisfy client obligations. NCS has agreed to indemnify the clearing brokers for losses they may incur while extending credit to its clients.

We rely on clearing brokers and unilateral termination of the agreements with these clearing brokers could disrupt our business.

NCS is an introducing brokerage firm, using third party clearing brokers to process its securities transactions and maintain customer accounts. The clearing brokers also provide billing services, extend credit and provide for control and receipt, custody and delivery of securities. We depend on the operational capacity and ability of the clearing brokers for the orderly processing of transactions. In addition, by engaging the processing services of a clearing firm, we are exempt from some capital reserve requirements and other regulatory requirements imposed by federal and state securities laws. If the clearing agreements are unilaterally terminated for any reason, we would be forced to find alternative clearing firms without adequate time to negotiate the terms of a new clearing agreement and without adequate time to plan for such change. There can be no assurance that if there were a unilateral termination of a clearing agreement that we would be able to find an alternative clearing firm on acceptable terms to it or at all.

Legislative, judicial or regulatory changes to the classification of independent contractors could increase our operating expenses.

From time to time, various legislative or regulatory proposals are introduced at the federal or state levels to change the status of independent contractors' classification to employees for either employment tax purposes (withholding, social security, Medicare and unemployment taxes) or other benefits available to employees. Currently, most individuals are classified as employees or independent contractors for employment tax purposes based on 20 "common law" factors, rather than any definition found in the Internal Revenue Code or Internal Revenue Service ("IRS") regulations. NCS classifies its registered representatives as independent contractors for all purposes, including employment tax and employee benefit purposes. We cannot assure you that legislative, judicial, or regulatory (including tax) authorities will not introduce proposals or assert interpretations of existing rules and regulations that would change the employee/independent contractor classification of NCS' registered representatives. The costs associated with potential changes, if any, to these independent contractor classifications could have a material adverse effect on us, including our results of operations and financial condition.

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Changes in accounting standards, especially those that relate to management estimates and assumptions, are unpredictable and may materially impact how we report and record our financial condition.

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Some of these policies require use of estimates and assumptions that may affect the value of our assets or liabilities and financial results and are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain. From time to time the Financial Accounting Standards Board ("FASB") and the SEC change the financial accounting and reporting standards that govern the preparation of our financial statements. In addition, accounting standard setters and those who interpret the accounting standards (such as the FASB, the SEC, banking regulators and our outside auditors) may change or even reverse their previous interpretations or positions on how these standards should be applied. These changes can be hard to predict and can materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in our restating prior period financial statements. For a further discussion of some of our significant accounting policies and standards and recent accounting changes, see Note 1 to the Consolidated Financial Statements.

Risks Relating To Our Common Stock

Our common stock has low trading volume and any sale of a significant number of shares is likely to depress the trading price.

Our common stock is quoted on the OTC Pink market. Traditionally, the trading volume of the common stock has been limited. For example, for the 30 trading days ending on December 31, 2014, the average daily trading volume was estimated to be approximately 4,550 shares per day and on a majority of days there was no trading activity. During such 30-day period the closing price of the common stock ranged from a high of $0.35 to a low of $0.18. Because of this limited trading volume, holders of our securities may not be able to sell quickly any significant number of such shares, and any attempted sale of a large number of our shares will likely have a material adverse impact on the price of our common stock. Because of the limited number of shares being traded, the price per share is subject to volatility and may continue to be subject to rapid price swings in the future.

Because our common stock is deemed a low-priced "Penny" stock, an investment in our common stock should be considered high risk and subject to marketability restrictions.

Since our common stock is a penny stock, as defined in Rule 3a51-1 under the Securities Exchange Act, it will be more difficult for investors to liquidate their investment even if and when a market develops for the common stock. Until the trading price of the common stock rises above $5.00 per share, if ever, trading in the common stock is subject to the penny stock rules of the Securities Exchange Act specified in rules 15g-1 through 15g-10. Those rules require broker-dealers, before effecting transactions in any penny stock, to:

- Deliver to the customer, and obtain a written receipt for, a disclosure document;
- Disclose certain price information about the stock;
- Disclose the amount of compensation received by the broker-dealer or any associated person of the broker-dealer;
- Send monthly statements to customers with market and price information about the penny stock; and
- In some circumstances, approve the purchaser's account under certain standards and deliver written statements to the customer with information specified in the rules.

Consequently, the penny stock rules may restrict the ability or willingness of broker-dealers to sell the common stock and may affect the ability of holders to sell their common stock in the secondary market and the price at which such holders can sell any such securities. These additional procedures could also limit our ability to raise additional capital in the future.

We have the ability to issue additional shares of our common stock and shares of preferred stock without asking for stockholder approval, which could cause your investment to be diluted.

Our Articles of Incorporation authorizes the Board of Directors to issue up to 100,000,000 shares of common stock and 10,000,000 shares of preferred stock. The power of the Board of Directors to issue shares of common stock, preferred stock or warrants or options to purchase shares of common stock or preferred stock is generally not subject to stockholder approval. Accordingly, any additional issuance of our common stock, or preferred stock that may be convertible into common stock, may have the effect of diluting one's investment.

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By issuing preferred stock, we may be able to delay, defer or prevent a change of control.

During fiscal 2014 we were authorized to issue a total of 9,000,000 shares of “blank check” preferred stock, up to 1,000,000 shares of Series A Convertible Preferred Stock, and up to 1,000,000 shares of Series B Convertible Preferred Stock. Our Board of Directors can determine the rights, preferences, privileges and restrictions granted to, or imposed upon, the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series. It is possible that our Board of Directors, in determining the rights, preferences and privileges to be granted when the preferred stock is issued, may include provisions that have the effect of delaying, deferring or preventing a change in control, discouraging bids for our common stock at a premium over the market price, or that adversely affect the market price of and the voting and other rights of the holders of our common stock.

FINRA sales practice requirements may also limit a stockholder’s ability to buy and sell our stock.

In addition to the “penny stock” rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer’s financial status, tax status, investment objectives and other information. Under interpretations of these rules, the FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

Additional Risks and Uncertainties

We are a diversified financial services company. Although we believe our diversity helps lessen the effect when downturns affect any one segment of our industry, it also means our earnings could be subject to different risks and uncertainties than the ones discussed herein. If any of the risks that we face actually occur, irrespective of whether those risks are described in this section or elsewhere in this report, our business, financial condition and operating results could be materially adversely affected.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

Our corporate headquarters are located at 18872 MacArthur Blvd., First Floor, Irvine, California 92612. Our wholly owned subsidiary, NCS, leases approximately 11,000 sq. ft. of general office space, which we occupy, with monthly rent of approximately $17,650. The lease expires on June 30, 2015. In addition, in April of 2014, NCS subleased office space in New York, New York for $35,343 per month, which expires in November of 2017. Further, NCS has entered into a long-term lease agreement for office space in Chicago, Illinois which ends on November 30, 2018 for $5,176 per month. Additionally, in June of 2014, NCS entered into a long-term lease agreement for office space in Memphis, Tennessee commencing on June 1, 2014 and ending on May 31, 2019 for $6,934 per month. In November 2014, NCS entered into a long term lease agreement in Boston, Massachusetts commencing on October 1, 2014 and ending September 30, 2016 for $9,234 per month.

We believe our current office space is adequate for our immediate needs; however, as our operations expand, we may need to locate and secure additional office space. Further, NCS continues to evaluate additional locations throughout the United States for opening offices.

The annual lease payments due pursuant to current lease agreements are as follows:

Year Ending December 31,	Amount
2015	$ 809,999
2016	688,455
2017	576,861
2018	153,260
2019	37,535
Total	$ 2,266,110

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Item 3. Legal Proceedings.

In addition to the matters described below, in the normal course of business, we have been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with our activities as a financial services company. Certain of the actual or threatened legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. In some cases, the entities or brokers that would otherwise be the primary defendants in such cases are bankrupt or in financial distress or no longer registered with us.

We are also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by governmental and self-regulatory agencies regarding our business, and involving, among other matters, accounting and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief.

We contest liability and/or the amount of damages as appropriate in each pending matter. Where available information indicates that it is probable a liability had been incurred at the date of the consolidated financial statements and we can reasonably estimate the amount of that loss, we accrue the estimated loss by a charge to income.

In many proceedings, however, it is inherently difficult to determine whether any loss is probable or even possible or to estimate the amount of any loss. We cannot predict with certainty if, how or when such proceedings will be resolved or what the eventual settlement, fine, penalty or other relief, if any, may be, particularly for proceedings that are in their early stages of development or where plaintiffs seek substantial or indeterminate damages. Numerous issues may need to be resolved, including through potentially lengthy discovery and determination of important factual matters, determination of issues related to class certification and the calculation of damages, and by addressing novel or unsettled legal questions relevant to the proceedings in question, before a loss or additional loss or range of loss or additional loss can be reasonably estimated for any proceeding. Subject to the foregoing, we believe, based on current knowledge and after consultation with counsel, that the outcome of such proceedings could be material to our consolidated financial condition, operating results and cash flows depending on, among other things, the level of our revenues or income.

Over the last several years, the level of litigation and investigatory activity (both formal and informal) by government and self-regulatory agencies has increased materially in the financial services industry. As a result, we expect that we may become the subject of increased claims for damages and other relief and, while we have has identified below certain proceedings that we believe to be material, individually or collectively, there can be no assurance that additional material losses will not be incurred from claims that have not yet been asserted or are not yet determined to be material.

Rubicon Financial Incorporated v. Grant Bettingen

In July of 2009, we filed our first amended complaint in the Superior Court of the State of California, for the County of Orange – Central Justice Center (Case Number 30-2009-00124138-CU-BC-CJC), against Grant Bettingen and Grant Bettingen, as Trustee of the 1999 Bettingen Trust U/D/T October 8, 1999, seeking damages for:

1. Breach of Contract;
2. Fraud;
3. Declaratory Relief;
4. Breach of Covenant of Good Faith and Fair Dealing; and
5. Unjust Enrichment.

These claims arise from the June 2008 merger between us and Grant Bettingen, Inc. (now known as Newport Coast Securities, Inc.). On or about August 10, 2009, we were served with a suit from M. Grant Bettingen, the Bettingen 1999 Trust and Christi Bettingen (collectively the “Bettingens”)(Case Number 30-2009-00290794) stemming from the same transaction and alleging 30 causes of action. These two cases were consolidated. On July 29, 2010, our demurrer to the second amended cross-complaint filed by the Bettingens was sustained without leave to amend. The Court’s ruling effectively dismissed the Bettingens second amended cross-complaint and the causes of action resulting therefrom. The Bettingens appealed the Court’s ruling on the demurrer.

In addition, on October 14, 2010, our motion for attorney’s fees and costs against the Bettingens was granted and we were awarded attorneys’ fees in the sum of $337,634.00, and costs in the sum of $18,235.50. The Bettingens appealed the Court’s ruling on the motion for attorney’s fees.

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Appeal Decisions

On December 27, 2011, we received the appeal opinions from the Court of Appeal of the State of California in both of the matters discussed above.

As to the demurrer on the Bettingens second amended cross-complaint, the Court of Appeals affirmed the dismissal of 21 of the Bettingens causes of action and reversed the judgment as to nine causes of action. The reversed causes of action include (1) breach of contract, breach of the implied covenant of good faith and fair dealing, and declaratory relief (1st through 5th and 23d causes of action) against us and Newport Coast Securities; (2) defamation against Joseph Mangiapane, Jr. (16th cause of action); and (3) the FEHA causes of action for discrimination and retaliation in violation of the FEHA (25th and 26th causes of action) against us and Newport Coast Securities. Further, the Court affirmed the dismissal as to the individual defendants, other than Mr. Mangiapane, included in the second amended cross-complaint.

Further, as to the award of attorney’s fees, the Court of Appeals reversed the judgment stating that due to the reversal of parts of the demurrer, the award cannot stand and must be vacated.

In February of 2015 we settled the case with the Bettingens whereby we agreed to pay the Bettingens $200,000 on or before April 27, 2015, another $300,000 for the purchase of 1.2 million shares of our common stock owned by the Bettingens on or before June 15, 2015 and make monthly payments of $7,020 to the Bettingens for the period from March 1, 2015 through March 1, 2019. We also agreed to pay for or provide two offices to each of the Bettingen’s and grant the Bettingens a five year warrant to purchase 1 million shares of our common stock at $0.25 per share.

NCS FINRA Wells Notices/Enforcement Action

On January 6, 2014, NCS received a Wells notice from the Financial Industry Regulatory Authority, Inc. (“FINRA”) regarding a preliminary determination to recommend disciplinary action against NCS for possible Securities Exchange Act of 1934, NASD and FINRA rule violations; including, churning and excessively trading client accounts, recommending unsuitable transactions, failure to supervise certain registered representatives and other NASD rules of conduct. A Wells notice is neither a formal allegation nor a finding of wrongdoing.

On April 17, 2014, NCS received an additional Wells notice from FINRA regarding a preliminary determination to recommend disciplinary action against Newport for possible violations of NASD Conduct Rules 3010 and 3040(c) and FINRA Rule 2010.

We are unable to estimate with confidence or certainty how long the FINRA process will last or its ultimate outcome, including whether Newport will reach a settlement with FINRA on either or both of the above stated matters and, if so, the amount of any related monetary fine and other possible remedies.

Further, on July 28, 2014, the FINRA Department of Enforcement filed an action against Newport Coast Securities, Inc. and four of its former brokers and one current broker for churning customer accounts. FINRA Case # 2012030564701. In the complaint, FINRA alleges that NCS and the five brokers excessively traded and churned 24 customer accounts from September 2008 through May 2013. The alleged misconduct cited in the complaint includes: cost-to-equity ratios were over 100%; turnover rates were often over 100; extraordinary amounts of in and out trading; highly margined accounts; accounts highly concentrated in a single security; commissions exceeding 3% and sometimes 4%; solicited trades inaccurately characterized as unsolicited; and accounts exhibited large losses. The Company intends to vigorously defend these chargers; however, is unable to estimate how long the FINRA process will last or its ultimate outcome.

General Litigation and Arbitration Claims

In addition to the above referenced matters, we have several pending claims and arbitrations incurred in the normal course of business. In our opinion, such claims can be resolved without any material adverse effect on our consolidated financial position, results of operations, or cash flows.

We maintain certain liability insurance; however, certain costs of defending lawsuits, such as those below the insurance deductible amount, are not covered by or only partially covered by its insurance policies, or our insurance carriers could refuse to cover certain of these claims in whole or in part. We accrue costs to defend ourselves from litigation as it is incurred or as it becomes determinable.

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The outcome of litigation may not be assured, and despite management's views of the merits of any litigation, or the reasonableness of our estimates and reserves, our financial statements could nonetheless be materially affected by an adverse judgment. We believe we have adequately reserved for the contingencies arising from currently pending legal matters where an outcome was deemed to be probable, and the loss amount could be reasonably estimated. While it is not possible to predict with certainty what liability or damages we might incur in connection with any legal matter, based on the advice of counsel and a management review of the existing facts and circumstances related to pending legal matters, we have accrued $195,000 and $199,000 as of December 31, 2014 and December 31, 2013, respectively, for these matters, which is included on our Consolidated Balance Sheet. Management feels it is unlikely that any expense associated with current litigation or arbitrations would exceed the amount accrued.

Item 4. Mine Safety Disclosures.

Not applicable.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

(a) Market Information

Our Common Stock trades sporadically on the OTC Pink market (OTC Pink®) under the symbol RBCF. Our common stock has traded infrequently on the OTC Pink, which limits our ability to locate accurate high and low bid prices for each quarter within the last two fiscal years. Therefore, the following table lists the available quotations for the high and low closing prices for the fiscal years 2014 and 2013. The quotations reflect inter-dealer prices without retail mark-up, markdown, or commissions and may not represent actual transactions.

	2014		2013	
	High	Low	High	Low
1st Quarter	$ 0.30	$ 0.17	$ 0.30	$ 0.12
2nd Quarter	$ 0.40	$ 0.25	$ 0.36	$ 0.25
3rd Quarter	$ 0.39	$ 0.20	$ 0.38	$ 0.20
4th Quarter	$ 0.35	$ 0.18	$ 0.23	$ 0.18

(b) Holders of Common Stock

As of March 31, 2015, there were approximately 471 holders of record of our Common Stock and 25,045,527 shares outstanding. As of March 31, 2015, the closing price of our shares of common stock on the OTC Pink was $0.22 per share.

(c) Dividends

In the future we intend to follow a policy of retaining earnings, if any, to finance the growth of the business and do not anticipate paying any cash dividends in the foreseeable future. The declaration and payment of future dividends on the Common Stock will be the sole discretion of board of directors and will depend on our profitability and financial condition, capital requirements, statutory and contractual restrictions, future prospects and other factors deemed relevant.

(d) Securities Authorized for Issuance under Equity Compensation Plans

2007 Stock Option Plan

The Board of Directors approved the 2007 stock option plan on February 1, 2007 and our stockholders ratified the plan at our 2007 annual stockholder meeting. The total number of options that can be granted under the plan is not to exceed 2,500,000 shares.

The purpose of the 2007 stock option plan is to enhance the long-term stockholder value by offering opportunities to our directors, employees, officers, consultants and independent contractors (collectively the "Participants") and our subsidiaries to acquire and maintain stock ownership in Rubicon Financial. The plan seeks to accomplish this purpose by enabling specified persons to purchase shares of our common stock, thereby increasing their proprietary interest in our success and encouraging them to remain in the employ or service of us.

Terms of Stock Option Awards

The Committee has the authority in its sole discretion to grant stock option awards as incentive stock options or non-qualified stock options, as appropriate. The following are a summary of terms that will apply to any stock option awards granted under the 2007 Plan, unless otherwise amended or decided upon by the Committee:

(a) Exercise price per share for each share a Participant is entitled to purchase under a nonqualified option will be determined by the Committee. The exercise price per share for each share a Participant is entitled to purchase under an incentive stock option shall be determined by the Committee but will not be less than Fair Market Value Per Share on the grant date. However, Incentive Stock Options issues to 10% or more holders hall be issued at no less than 110% of Fair Market Value.

(b) The consideration to be paid for the shares to be issued upon the exercise of an option shall be determined by the Committee and may consist of cash, shares of our common stock, such other cashless basis, or such other consideration and method permitted under the applicable state and federal laws.

(c) Each option granted shall be exercisable at such times and under conditions determined by the Committee. However, in no event, shall an option be exercisable after 10 years from the grant date or 5 years from the grant date if the Participant owns more than 10% of the total combined voting power of all classes of stock of Rubicon Financial or its subsidiaries on the grant date.

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(d) If a Participant ceases to be employed by us for any reason other than disability or cause, Participant's options will expire no later than 6 months thereafter. During those six months, Participant may exercise any option granted to him but only those that were exercisable on the date of termination.
(e) If a Participant ceases to be employed by Rubicon Financial due to a disability, as defined by the Section 22(e)(3) of the Code, the Participant's options will expire no later than 1 year thereafter. During that year, Participant may exercise any option granted but only those that were exercisable on the date termination due to the disability.
(f) If a Participant is terminated by us for cause (as defined in the 2007 Plan), the Participant's options shall expire immediately, unless the Committee in its sole discretion within 30 days of such termination waive the expiration through written notice to the Participant.

To the extent that the right to purchase shares under a stock option award has vested, in order to exercise the stock option the Participant must execute and deliver to Rubicon Financial a written stock option exercise agreement or notice in a form and in accordance with procedures established by the Committee. In addition, the full exercise price of the option must be delivered to Rubicon Financial and must be paid in a form acceptable to the Committee.

In the event of a change of control (as defined in the stock option plan), the date on which all options outstanding under the stock option plan may first be exercised will be accelerated. Generally, all options terminate 90 days after a change of control.

As of December 31, 2014, we did not have any options outstanding under this plan.

2007 Acquisition Stock Plan

On April 16, 2007, our Board of Directors established the 2007 Stock Acquisition Plan, (the "Acquisition Plan") which expires on April 15, 2017 and our stockholders ratified the plan at our 2007 annual stockholder meeting. This plan provides that a maximum of 5,000,000 shares of common stock will be available for grant or issuance. Our Board of Directors determined that it would be in our best interest to adopt and approve a plan that provides incentives in conjunction with the acquisitions of additional businesses and lines of businesses.

The purpose of the Acquisition Plan is to provide officers and other employees of an acquired business with opportunities to purchase Rubicon Financial stock pursuant to options as well as to provide directors, officers, employees, and consultants of an acquired business opportunities to make direct purchases of restricted common stock of Rubicon Financial. It is intended that some of options granted under this plan will qualify as Incentive Stock Options under Section 422 of the Code and other options will be considered Non-Qualified Options.

Individual Participant Limitation

The number of shares of common stock for which an option may be granted in any single fiscal year will not exceed 750,000 shares. In the event an option is cancelled, the cancelled option will continue to be counted against the individual limit.

Incentive Stock Options

If an Incentive Stock Option is granted by the Committee, the price per share relating to such option will not be less than the fair market value of the common stock on the grant date. If the Incentive Stock Option is granted to an employee owning more than 10% of the total combined voting power of all classes of our stock, the price per share will not be less than 110% of the fair market value of common stock on the grant date. Furthermore, the aggregate fair market value of common stock of an Incentive Stock Option granted to an employee must not exceed $100,000 during a calendar year.

Restricted Stock

Each grant of restricted stock under the Acquisition Plan will be executed by a “Restricted Stock Agreement” in such form as the Committee decides. The Committee will determine the number of shares to be issued to an eligible person and whether it will be issued in exchange for cash, other consideration, or both. Shares issued pursuant to the Restricted Stock Agreement must be held by the person granted to for a period of time determined by the Committee. Rubicon Financial will have the option to repurchase the common stock at a price determined in the agreement if (i) the individual’s employment terminated before the end of the restricted period, (ii) if the individual has not paid to us the amount required by federal, state, local or foreign income, or other taxes which we determine is required, or (iii) any other circumstances determined by the Committee.

As of December 31, 2014, we issued 1,868,750 shares of restricted stock under the 2007 stock acquisition plan.

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Recent Sales of Unregistered Securities

On December 30, 2014, we conducted the first closing under a private placement offering selling 271,167 units for $162,700 to three accredited investors. Each unit consists of two shares of common stock (total of 542,334 shares) and one five year warrant to purchase one share of common stock for $0.50 per share (total of 271,167 warrants).

Subsequent Issues after Year End

On January 15, 2015, we issued 1,000,000 shares of Amended and Restated Series B Convertible Preferred Stock to our CEO/President and sole director, Joseph Mangiapane, Jr., for $200,000 in accrued salary owed to Mr. Mangiapane.

On January 15, 2015, we issued 500,000 shares of Amended and Restated Series B Convertible Preferred Stock to our securities counsel, DeMint Law, PLLC, for $100,000 in accrued legal fees owed to DeMint Law, PLLC.

All of the above-described issuances were exempt from registration pursuant to Section 4(a)(2) and/or Regulation D of the Securities Act as transactions not involving a public offering. With respect to each transaction listed above, no general solicitation was made by either the Company or any person acting on its behalf. All such securities issued pursuant to such exemptions are restricted securities as defined in Rule 144(a)(3) promulgated under the Securities Act, appropriate legends have been placed on the documents evidencing the securities, and may not be offered or sold absent registration or pursuant to an exemption therefrom.

Issuer Purchases of Equity Securities

In May of 2014, we reached an agreement with Kathleen McPherson, a former director, to purchase 1,002,500 shares of common stock and 426,000 shares of series B preferred stock for $150,000. Of the purchase price, $75,000 was payable immediately and the other $75,000 was payable on or before March 31, 2015. We believe Ms. McPherson breached the terms of the settlement agreement and as a result did not make the second payment.

Item 6. Selected Financial Data.

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

We are a financial service holding company operating primarily through our wholly-owned subsidiary, U.S. Financial Services, Inc. (doing business as Newport Coast Securities, Inc.) ("NCS"), a private brokerage firm registered with the Financial Industry Regulatory Authority ("FINRA") providing retail brokerage services and investment banking.

We also have a non-operating subsidiary, Dial-A-Cup, Inc. ("DAC"), which has developed a hot-water dispensing system that will brew one fresh cup of coffee, tea, hot chocolate, soup, etc. on demand. On July 31, 2007, we entered into a Separation and Distribution Agreement with DAC, whereby we agreed to spin-out at least 50% of the shares of DAC common stock owned by us to our stockholders on a one for ten basis. The Separation and Distribution Agreement also provides that DAC will take all of the businesses, assets and liabilities relating to the DAC business previously held by us. DAC intends to file a registration statement on Form S-1 to register the shares of DAC common stock to be distributed. As of the date of this report, the Form S-1 has not been filed because DAC is dormant. When and if DAC is able to raise adequate capital, which is not anticipated to be within the next twelve months, DAC will commence the registration process.

Results of Operations

The following tables summarize selected items from the statement of operations for the years ended December 31, 2014 and 2013.

Revenue:

	Years Ended December 31,		Increase/(Decrease)	
	2014	2013	$	%
Consolidated				
Revenue	$21,986,575	$18,059,664	$3,926,911	22 %
Operating expenses	23,226,232	18,398,429	4,827,803	26 %
Net operating income (loss)	$(1,239,657)	$(338,765)	$900,892	266 %

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Our revenues increased 22% during fiscal 2014. The revenue increase for the year over year periods is the result of increases in revenues generated by NCS, primarily due to the substantial increase in investment banking fees and managed fee (riskless principle) accounts.

During the year ended December 31, 2014, our operating expenses increased by 26% primarily as a result of increased rent expenses associated with opening branch offices.

Sources of Revenues:

	Years Ended December 31,		Increase/(Decrease)	
	2014	2013	$	%
Commissions	$7,312,603	$6,443,937	$868,666	13%
Investment Banking Fees	9,109,963	5,950,634	3,159,329	53%
Selling Concessions:				
Insurance	992,941	1,746,161	(753,220)	(43%)
Mutual Funds	1,015,094	665,170	349,924	53%
Managed fee accounts	1,475,463	1,799,226	(323,763)	(18%)
Riskless principle inventory trades	1,089,511	679,739	409,772	60%
Other income	$991,000	$774,797	$216,203	28%

As can be seen from the table above, during fiscal 2014 we transitioned a large portion of our business from insurance and managed fee accounts into increased investment banking and riskless principle trades. We anticipate this trend to continue through fiscal 2015.

Selling and Administrative Expenses:

	Years Ended December 31,		Increase/(Decrease)	
	2014	2013	$	%
Commissions and other direct costs	$ 16,631,116	$ 14,039,229	$ 2,591,887	18%
Professional fees	1,012,676	1,035,145	(22,469)	(2%)
General and administrative expenses	5,556,784	3,105,342	2,451,442	79%
Depreciation and amortization	25,656	218,713	(193,057)	(88%)
Operating expenses	$ 23,226,232	$ 18,398,429	$ 4,827,803	26%

Operating expenses increased by 26% in 2014 over the previous year ended December 31, 2013. This increase was anticipated as our general and administrative expenses increased (79%), primarily as a result of increased staffing and overhead relating to NCS opening additional branch offices, travel and entertainment expenses and increased operations.

Our direct costs are comprised of commissions paid to registered representatives and miscellaneous fees related directly to the generation of revenue. These costs have a direct relationship to our revenue and will generally increase or decrease with changes in revenue.

Other income and (expense)

Years Ended

	December 31,		Increase/(Decrease)	
	2014	2013	$	%
Consolidated				
Interest (expense)	$ (88,647)	$ (113,759)	$ (25,112)	(22%)
Interest income	200	341	(141)	(41%)
Legal settlement income (expense)	-	260,500	-	-

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Other income and expense consists of interest earned and expenses, rental income from sub-lease of facilities and our minority interest investments. We experienced a 41% decrease in interest income as a direct result of lower cash balances held in interest bearing accounts. The 22% decrease in interest expense primarily relates to interest incurred under our line of credit and a private party loan.

During 2013, we settled ongoing litigation for $7,500, thereby reducing the legal settlement income for 2013 to $260,500.

Satisfaction of our cash obligations for the next 12 months.

As of December 31, 2014, we had available cash of $1,688,535. We believe these funds will help support existing operational costs and along with revenues from operations will not be sufficient to satisfy our working capital requirements through fiscal 2015. We will need to raise additional funds through either equity, including convertible securities such as preferred stock or debentures, or debt financing.

Summary of any product research and development that we will perform for the term of our plan of operation.

We do not anticipate performing any additional significant product research and development under our plan of operation in the financial services industry.

Expected purchase or sale of plant and significant equipment.

We do not anticipate the purchase or sale of any plant or significant equipment; as such items are not required by us at this time.

Significant changes in the number of employees.

We have experienced significant changes in our staffing and executive management team as a result of our business acquisitions. Historically we have relied on outside consultants to fulfill the needs of the Company while also relying heavily on our CEO, Joseph Mangiapane, Jr. whom with we have a full time employment agreement, and Richard Onesto, our CFO. As we have achieved milestones in our growth projections, it has become financially prudent to increase our internal staff to satisfy the operational needs of our business. Likewise, as we have been impacted by the overall economic recession we have also reduced staffing as appropriate.

In NCS we have increased our number of employees to a level which satisfies not only our current requirements in an economically sensible manner but allows for growth over the next year. As the economic conditions improve, we anticipate an increase in our staffing levels as a measure to ensure continued growth. As of December 31, 2014, we employed three executives and twenty-one administrative staff within NCS.

Liquidity and Capital Resources

A critical component of our operating plan impacting our continued existence is the ability to obtain additional capital through additional equity and/or debt financing. We do not anticipate generating sufficient positive internal operating cash flow until such time as we can generate substantial additional revenues, which may take the next few years to fully realize. In the event we cannot obtain the necessary capital to pursue our strategic plan, we may have to cease or significantly curtail our operations. This would materially impact our ability to continue operations.

The following table summarizes our current assets, liabilities and working capital at December 31, 2014 compared to December 31, 2013.

	December 31, 2014	December 31, 2013	Increase / (Decrease) $	%
Current Assets	$ 3,377,204	$ 2,306,536	$ 1,070,668	46%
Current Liabilities	4,175,809	2,471,151	1,704,658	69%
Working Capital (Deficit)	$ (798,605)	$ (164,615)	$ 633,990	-

As we expand our activities, we may continue to experience net negative cash flows from operations, pending receipt of additional revenues.

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We believe the $1,688,535 in un-restricted cash on hand at December 31, 2014 will not be sufficient to sustain operations through fiscal 2015. We will need to seek additional funding for operations through equity or debt offerings and may need to further do so in the future through additional financing, acquisitions, joint ventures or other means available to us.

In November of 2012, we borrowed $726,500 pursuant to a secured promissory note, which is secured by all of our assets, including the stock in NCS. This note contains provisions limited our ability to borrow additional funds and has substantive financial covenants. Subsequent to obtaining the note, we have borrowed significant additional funds on an unsecured basis. We did not obtain the secured lender's consent when we obtained the new loans, which may be considered a technical default on the secured loan. In addition, as of December 31, 2014 we had approximately $690,662 in current debt, which requires us to seek additional equity or debt financing to repay our debt obligations.

We anticipate continuing to generate operating losses over the next twelve months. Our operating history makes predictions of future operating results difficult to ascertain. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the financial services industry.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results or operations, liquidity, capital expenditures or capital resources that is material to investors.

Critical Accounting Policies and Estimates

Revenue Recognition: We recognize revenue in accordance with ASC subtopic 605-10 (formerly SEC Staff Accounting Bulletin No. 104 and 13A, "Revenue Recognition") net of expected cancellations and allowances. As of December 31, 2014 and 2013, we evaluated evidence of cancellation in order to make a reliable estimate and determined there were no material cancellations during the years and therefore no allowances have been made.

Investment banking revenues and advisory fees from mergers, acquisitions and restructuring transactions are recorded when services for the transactions are determined to be completed, generally as set forth under the terms of the engagement. Transaction related expenses, primarily consisting of legal, travel and other costs directly associated with the transaction, are deferred and recognized in the same period as the related investment banking transaction revenue. Underwriting revenues are presented net of related expenses. The Company recognizes commissions from its broker services based on a settlement date basis. Fees billed and collected before services are performed are included in deferred revenue. Normal expenses are recorded when the obligation is incurred.

Impairment of long-lived assets: We review our long-lived assets and intangibles periodically to determine potential impairment by comparing the carrying value of the long-lived assets with the estimated future cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future cash flows be less than the carrying value, we would recognize an impairment loss. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value of the long-lived assets and intangibles. We recognized no impairment losses during the years ended December 31, 2014 and 2013.

Credit Risks: Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2014, we had approximately $1,027,695 in excess of FDIC insured limits.

Recent Accounting Developments

We reviewed all recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the SEC and did not or are not believed by management to have a material impact on our present or future financial statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Not applicable.

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Item 8. Financial Statements and Supplementary Data.

Management Responsibility for Financial Information

We are responsible for the preparation, integrity and fair presentation of our financial statements and the other information that appears in this annual report on Form 10-K. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States and include estimates based on our best judgment.

We maintain a comprehensive system of internal controls and procedures designed to provide reasonable assurance, at an appropriate cost-benefit relationship, that our financial information is accurate and reliable, our assets are safeguarded and our transactions are executed in accordance with established procedures.

Samyn & Martin, LLC, an independent registered public accounting firm, is retained to audit our consolidated financial statements. Its accompanying report is based on audits conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States).

Our entire board of directors meets with our management and the independent registered public accounting firm to ensure that each is properly fulfilling its responsibilities. The board of directors oversees our systems of internal control, accounting practices, financial reporting and audits to ensure their quality, integrity and objectivity are sufficient to protect stockholders' investments.

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To the Board of Directors
Rubicon Financial Incorporated and Subsidiaries
Irvine, California

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have audited the accompanying consolidated balance sheets of Rubicon Financial Incorporated and Subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. Rubicon Financial Incorporated's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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 audits of the financial statements include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Rubicon Financial Incorporated and Subsidiaries as of December 31, 2014 and 2013, and the results of its consolidated operations, stockholders' equity, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations and is dependent upon the continued sale of its securities or obtaining debt financing for funds to meet its cash requirements. These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Samyn & Martin, LLC
Samyn & Martin, LLC
Kansas City, Missouri
June 5, 2015

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Rubicon Financial Incorporated
Consolidated Balance Sheets

	December 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash	$ 1,688,535	$ 846,461
Cash – restricted	204,011	204,011
Marketable securities	80,878	201,921
Accounts receivable	1,302,255	826,246
Prepaid expenses	6,289	46,828
Notes receivable	-	43,569
Contracts advances, current portion	95,236	137,500
Total current assets	3,377,204	2,306,536
Fixed assets, net of accumulated depreciation of $312,410 and $286,753, respectively	118,539	63,890
Other assets:		
Contract advances	81,500	96,402
Capitalized financing costs, net of accumulated amortization	-	16,917
Deposits	108,917	55,438
Total other assets	190,417	168,757
Total assets	$ 3,686,160	$ 2,539,183
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 636,210	$ 404,236
Accrued expenses	1,763,937	873,147
Investment obligation	690,000	487,000
Line of credit	200,000	200,000
Note payable – current portion	690,662	307,768
Contingent liabilities	195,000	199,000
Total current liabilities	4,175,809	2,471,151
Long term liabilities		
Note payable	20,644	334,386
Redeemable Preferred stock, Series B, $0.001 par value, 1,000,000 shares authorized, 0 and 426,000 issued and outstanding as of December 31, 2014 and December 31, 2013, respectively	-	426,000
Stockholders' equity		
Preferred stock, $0.001 par value, 10,000,000 shares authorized, 0 and 62,500 shares issued and outstanding as of December 31, 2014 and 2013, respectively	-	63
Common stock, $0.001 par value, 100,000,000 shares	24,503	16,755

authorized, 24,503,193 and 16,755,691 shares issued and outstanding as of December 31, 2014 and December 31, 2013, respectively		
Common stock owed but not issued, 792,334 and 750,000 shares as of December 31, 2014 and December 31, 2013, respectively	792	750
Additional paid in capital	20,292,797	18,781,824
Other comprehensive gain (loss)	(15,672)	(7,137)
Accumulated (deficit)	(20,812,713)	(19,484,609)
Total stockholders' equity	(510,293)	(692,354)
Total liabilities and stockholders' equity	$ 3,686,160	$ 2,539,183

The accompanying notes are an integral part of the consolidated financial statements.

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Rubicon Financial Incorporated
Consolidated Statements of Operations

	For the Years Ended December 31, 2014	For the Years Ended December 31, 2013
Revenue:		
Commissions	$ 7,312,603	$ 6,443,937
Investment banking fees	9,109,963	5,950,634
Selling concessions:		
Insurance	992,941	1,746,161
Mutual funds	1,015,094	665,170
Managed fee accounts	1,475,463	1,799,226
Riskless Principle Inventory Trades	1,089,511	679,739
Other income	991,000	774,797
Total revenue	21,986,575	18,059,664
Expenses:		
Commissions and other direct costs	16,631,116	14,039,229
Professional fees	1,012,676	1,035,145
General and administrative expenses	5,556,784	3,105,342
Depreciation and amortization	25,656	218,713
Total expenses	23,226,232	18,398,429
Net operating income (loss)	(1,239,657)	(338,765)
Other income (expense):		
Interest expense	(88,647)	(113,759)
Interest income	200	341
Legal settlement income (expense)	-	260,500
Total other income (expense)	(88,447)	147,082
Net income (loss) from continued operations	$ (1,328,104)	$ (191,683)
Provision for state income tax	-	30,000
Net income (loss)	$ (1,328,104)	$ (221,683)
Other comprehensive income (loss):		
Unrealized gains (losses) realized	96,300	(11,684)
Unrealized gains (losses) on securities	(104,835)	(25,052)
Total other comprehensive income (loss)	(8,535)	(36,736)
Net comprehensive loss	$ (1,336,639)	$ (258,419)
Weighted average number of common shares outstanding – basic	21,918,756	16,205,280
– diluted	N/A	N/A

Net income (loss) per share – basic	$	(0.06)	$	(0.01)
– diluted		N/A		N/A

The accompanying notes are an integral part of the consolidated financial statements.

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Rubicon Financial Incorporated
Statements of Changes in Stockholders' Equity

	Preferred Stock		Common Stock		Common Stock owed but not issued		Additional Paid-in	Other Comprehensive	Accumulated	Tota Stoc
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Income	(Deficit)	E
Balance, December 31, 2012	62,500	$ 63	15,089,023	$ 15,089	250,000	$ 250	$ 18,433,990	$ 29,599	$ (19,262,926)	$ (
Common stock sold for cash	-	-	1,666,668	1,666	500,000	500	347,834	-	-	
Other comprehensive income (loss)	-	-	-	-	-	-	-	(36,736)	-	
Net (loss) for the year ended December 31, 2013	-	-	-	-	-	-	-	-	(221,683)	(
Balance, December 31, 2013	62,500	$ 63	16,755,691	$ 16,755	750,000	$ 750	$ 18,781,824	$ (7,137)	$ (19,484,609)	$ (
Common stock sold for cash	-	-	7,200,002	7,201	542,334	542	1,234,957	-	-	1,
Shares issued that were owed	-	-	500,000	500	(500,000)	(500)	-	-	-	
Shares returned	-	-	(1,202,500)	(1,203)	-	-	277,203	-	-	
Preferred stock converted	(62,500)	(63)	1,250,000	1,250	-	-	(1,187)	-	-	
Other comprehensive income (loss)	-	-	-	-	-	-	-	(8,535)	-	
Net (loss) for the year ended December 31, 2014	-	-	-	-	-	-	-	-	(1,328,104)	(1,
Balance, December 31,	-	$ -	24,503,193	$ 24,503	792,334	$ 792	$ 20,292,797	$ (15,672)	$ (20,812,713)	$ (

2014

The accompanying notes are an integral part of the consolidated financial statements.

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Rubicon Financial Incorporated
Consolidated Statements of Cash Flows

	For the Years Ended December 31, 2014	2013
Cash flows from operating activities		
Net income (loss)	$ (1,328,104)	$ (221,683)
Adjustments to reconcile net (loss) to net cash (used) in operating activities:		
Depreciation expense	25,655	18,406
Amortization of contract advances	219,666	198,821
Amortization of notes receivable	43,334	21,667
Amortization of capitalized financing costs	16,917	4,083
Amortization of intangible asset	-	200,307
Reversal of AMIN lawsuit accrual	-	(268,000)
Changes in operating assets and liabilities:		
Accounts receivable	(476,498)	(423,537)
Contract advances	(162,500)	(215,000)
Prepaid expenses	40,539	(18,124)
Deposits and other assets	(53,479)	(43,522)
Accounts payable and accrued liabilities	1,321,764	(571,449)
Net cash (used) by operating activities	(352,706)	(1,318,031)
Cash flows from investing activities		
Payments received on notes receivable, net	725	1,000
Purchase of fixed assets	(80,305)	(56,278)
Proceeds from (purchase of) investments	112,508	(178,166)
Net cash (used) by investing activities	32,928	(233,444)
Cash flows from financing activities		
Proceeds from sale of preferred stock, net of expenses	-	426,000
Proceeds from sale of common stock, net of expenses	1,242,700	350,000
Proceeds from notes payable	300,000	168,000
Payments on notes payable	(380,848)	(289,591)
Net cash provided by financing activities	1,161,852	654,409
Net (decrease) increase in cash	842,074	(897,066)
Cash – beginning	1,050,472	1,947,538
Cash – ending	$ 1,892,546	$ 1,050,472
Supplemental disclosures:		
Interest paid	$ 88,647	$ 113,759
Income taxes paid	$ 6,469	$ 1,600

The accompanying notes are an integral part of the consolidated financial statements.

Rubicon Financial Incorporated
Notes to Consolidated Financial Statements

NOTE 1 – Significant Accounting Policies and Procedures

Organization
The Company was incorporated in the State of Delaware on April 28, 1986 and was formerly known as Art World Industries ("AWI"). On August 6, 2002, the Company changed its name to ISSG, Inc. In addition, on March 9, 2004, the Company completed the acquisition of a wholly owned subsidiary, Dial-A-Cup Corporation ("DAC"), a New York Corporation. Further, on June 2, 2005, the Company completed a merger with Rub Investments Ltd., ("Rub") on September 6, 2006; the Company changed its name to Rubicon Financial Incorporated. Effective February 1, 2007, the Company acquired Rubicon Financial Insurance Services, Inc. a California corporation ("RFIS"). Effective May 11, 2007, the Company acquired Rubicon Real Estate and Mortgages, Inc., a California corporation ("RREM"). On June 2, 2008, the Company acquired Newport Coast Securities, Inc. ("NCS") (formerly Grant Bettingen, Inc.), a California corporation registered with the Financial Industry Regulatory Authority and the Securities and Exchange Commission. During the year ended December 31, 2010, the Company dissolved RREM and disposed of RFIS.

Principles of Consolidation
The financial statements as of December 31, 2014 and 2013 and for the years then ended include Rubicon Financial Incorporated ("Rubicon") and its wholly owned subsidiary, Newport Coast Securities, Inc. ("NCS"). All significant inter-company transactions and balances have been eliminated. RBCF and its subsidiary is collectively referred to herein as the "Company".

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported periods. Actual results could materially differ from those estimates. Significant estimates made by management include the recoverability of intangible assets.

Cash and Cash Equivalents
The Company maintains cash balances in interest and non-interest bearing accounts. For the purpose of these financial statements, all highly liquid cash and investments with a maturity of three months or less are considered to be cash equivalents.

Fixed Assets
Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The Company uses other depreciation methods (generally accelerated) for tax purposes where appropriate. The estimated useful lives for significant property and equipment categories are as follows:

Equipment	5 years
Furniture	7 years

The Company reviews the carrying value of property, plant, and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there were no impairments needed as of December 31, 2014 or 2013. Depreciation expense for the year ended December 31, 2014 and 2013 was $25,655 and $18,406, respectively.

Impairment of long-lived assets
The Company reviews its long-lived assets and intangibles periodically to determine potential impairment by comparing the carrying value of the long-lived assets with the estimated future cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future cash flows be less than the carrying value, the Company would recognize an impairment loss. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value of the long-lived assets and intangibles. The Company recognized no impairment losses during the years ended December 31, 2014 and 2013.

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Revenue Recognition
The Company recognizes revenue in accordance with ASC subtopic 605-10, net of expected cancellations and allowances. As of December 31, 2014 and 2013, the Company evaluated evidence of cancellation in order to make a reliable estimate and determined there were no material cancellations during the years and therefore no allowances have been made.

Investment banking revenues and advisory fees from mergers, acquisitions and restructuring transactions are recorded when services for the transactions are determined to be completed, generally as set forth under the terms of the engagement. Transaction related expenses, primarily consisting of legal, travel and other costs directly associated with the transaction, are deferred and recognized in the same period as the related investment banking transaction revenue. The Company recognizes commissions on a gross basis from its broker services on the trade-date. Fees billed and collected before services are performed are included in deferred revenue. Normal expenses are recorded when the obligation is incurred.

Advertising Costs
The Company expenses all costs of advertising as incurred. There was $17,002 and $8,587 of advertising costs included in general and administrative expenses for the years ended December 31, 2014 and 2013, respectively.

Available-for-sale securities
The Company classifies its marketable equity securities as available-for-sale and they are carried at fair market value, with the unrealized gains and losses included in the determination of comprehensive income and reported in stockholders' equity. See Note 5 for further details.

Income Taxes
The Company follows ASC subtopic 740-10 (formerly Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes") for recording the provision for income taxes. ASC 740-10 requires the use of the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change.

Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse. See Note 11 for further details.

Fair Value of Financial Instruments
The Company has financial instruments whereby the fair value of the financial instruments could be different from that recorded on a historical basis in the accompanying balance sheets. The Company's financial instruments consist of cash, receivables, accounts payable, accrued liabilities, and notes payable. The carrying amounts of the Company's financial instruments approximate their fair values as of December 31, 2014 and 2013 due to their short-term nature. See Note 17 for further details.

Income (loss) per Common Share

Net income (loss) per share is computed in accordance with ASC subtopic 260-10. The Company presents basic loss per share ("EPS") and diluted EPS on the face of consolidated statements of operations. Basic EPS is computed by dividing reported earnings by the weighted average common shares outstanding. Diluted EPS is computed by adding to the weighted average common shares the dilutive effect of possible preferred stock conversions and in-the-money stock options and warrants. For the years ended December 31, 2013, the denominator in the diluted EPS computation is 3,380,000 shares higher than the denominator for basic EPS due of possible conversions of preferred stock. There were no in-the-money options or warrants as of December 31, 2013. For the years ended December 31, 2014, the denominator in the diluted EPS computation is the same as the denominator for basic EPS. There were no in-the-money options or warrants as of December 31, 2014.

Credit Risks

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2014, the Company had approximately $1,027,695 in excess of FDIC insured limits. At December 31, 2013, the Company had approximately $162,000 in excess of FDIC insured limits.

Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

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Recent Pronouncements
The Company reviewed all recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the SEC and they did not or are not believed by management to have a material impact on the Company's present or future financial statements.

Year-end
The Company has adopted December 31, as its fiscal year end.

NOTE 2 – Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has an accumulated deficit of $20,812,713 since inception and incurred net losses of $1,328,104 and $221,683 for the years ended December 31, 2014 and 2013. These conditions give rise to doubt about the Company's ability to continue as a going concern. These financial statements do not include adjustments relating to the recoverability and classification of reported asset amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to generate profitability, obtain additional financing, or obtain proceeds from the sale of its stock.

NOTE 3 – Restricted Cash

The Company's wholly owned subsidiary, NCS, has entered into securities clearing agreements with APEX Clearing Corporation ("APEX"), Wedbush, Morgan Securities, Inc. ("Wedbush"), and COR Clearing, LLC (COR). Pursuant to these agreements, the Company is required to maintain a deposit account with each respective clearing firm in amounts determined based on the Company's transaction volume. As of December 31, 2014, the Company maintained deposits with APEX, Wedbush, and COR of $92,599, $61,412, and $50,000, respectively, for total restricted cash of $204,011. As of December 31, 2013, the Company maintained deposits with APEX, Wedbush and COR of $92,599, $61,412 and $50,000, respectively, for total restricted cash of $204,011.

NOTE 4 – Intangible Assets – Customer Lists

During the year ended December 31, 2008, the Company consummated the acquisition of 100% of the outstanding common shares of NCS. As a result of the acquisition, Rubicon identified intangible assets relating to customer lists/relationships of $2,403,671. This asset was amortized over its five year estimated useful life. As of December 31, 2013, the balance of the asset, net of accumulated depreciation of $2,403,671, was $0. As of December 31, 2014, the balance of the asset, net of accumulated amortization of $2,403,671, was $0. Amortization expense was $0 and $200,307 for the years ended December 31, 2014 and 2013, respectively.

NOTE 5 - Marketable securities

The Company classifies its marketable equity securities as available-for-sale and carries them at fair market value, with the unrealized gains and losses included in the determination of comprehensive income and reported in stockholders' equity. Losses that the Company believes are other-than-temporary are realized in the period that the determination is made. As of December 31, 2014 and 2013, the Company believed that all unrealized losses and gains are not other-than-temporary based on market conditions and the volatility of investments being held. All other unrealized losses and gains will be excluded from earnings and reported in other comprehensive income until realized. None of the investments have been hedged in any manner.

As of December 31, 2014:

The Company held six investments in publically-traded common stock in various corporations and one investment in a REIT with a total aggregate fair market value, based on published market prices, of $80,878. The Company's total cost in these investments was $96,550 resulting in an accumulated unrealized loss of $15,672. This is shown as accumulated other comprehensive loss in the equity section of the balance sheet on these financial statements. Of the investments, three was in a loss position as of December 31, 2014, for a total aggregate unrealized loss of $23,820. During the year ended December 31, 2014, $96,300 of losses were moved from the unrealized to realized as they were deemed to have become other-than-temporary.

As of December 31, 2013:
The Company held five investments in publically-traded common stock in various corporations and one investment in a REIT with a total aggregate fair market value, based on published market prices, of $201,921. The accumulated unrealized loss on these securities is $7,137 and is shown as accumulated other comprehensive gain on these financial statements. Of the investments, one was in a loss position for a total aggregate unrealized loss of $31,500.

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NOTE 6 – Notes receivable

During the year ended December 31, 2012, the Company issued a total of three notes in the total amount of $67,485. The notes do not bear interest. The balance due was $43,569 as of December 31, 2013 relating to these notes. The balance due was $0 as of December 31, 2014 relating to these notes.

NOTE 7 – Accounts Receivable

Amounts receivable from clearing organizations and others at December 31, 2014 consisted of the following:

COR Clearing, LLC	$420,277
Others	759,859
Wedbush Morgan Securities	122,119
	$1,302,255

NOTE 8 – Related Party Transactions

All intercompany transactions have been eliminated in consolidation. All intercompany balances do not bear interest.

As of December 31, 2014 and 2013, the Company owed accrued payroll to one of its officers/directors in the amount of $212,100 and $97,150, respectively.

In February of 2013, the Company sold 426,000 shares of series B preferred stock to an officer/director for $426,000.

In May of 2014, the Company reached an agreement with an officer/director to buyback 1,002,500 shares of common stock and 426,000 shares of series B preferred stock for $150,000. Of the purchase price, $75,000 was payable immediately and the other $75,000 is payable on or before March 31, 2015. The Company believes the officer/director breached the terms of the settlement agreement and as a result did not make the second payment. Concurrent with the agreement the officer/director resigned as an officer and director of the Company.

NOTE 9 – Fixed Assets

Fixed assets consisted of the following:

	December 31,	
	2014	2013
Furniture	$ 114,628	$ 73,077
Equipment	249,295	235,336
Software	67,026	42,230
	430,949	350,643
Accumulated depreciation	(312,410)	(286,753)
	$ 118,539	$ 63,890

During the years ended December 31, 2014 and 2013, depreciation expense was $25,655 and $18,406, respectively.

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NOTE 10 – Notes payable and Line of Credit

Notes payable consist of the following at December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
Promissory note to Spagus Capital for $300,000, unsecured. Bears interest at 6.00% as of December 31, 2014, and matures in December of 2015.	300,000	$-
Promissory note to a bank for $100,000, secured by cash held in impound account at the bank. Bears interest at the prime rate, 3.25% as of December 31, 2014, and matured in March of 2014.	-	8,695
Promissory note to a bank for $168,000, secured by cash held in impound account at the bank. Bears interest at the prime rate, 3.25% as of December 31, 2014, and matures in April of 2016	77,938	132,032
Promissory Note to former Officer/Director (See Note 8)	75,000	-
Promissory note to an unrelated party for $726,500, secured by all the assets of the Company including the stock of NCS, interest of 14%, and matures in December of 2015.	258,368	501,427
	$711,306	$642,154

As of December 31, 2013, $307,768 of the notes payable is short-term and $334,386 is long-term. As of December 31, 2014, $690,662 of the notes payable is short-term and $20,644 is long-term.

During the year ended December 31, 2011, Rubicon obtained a line of credit in the amount of $200,000. The line is collateralized by Rubicon's deposits at the bank. The line bears interest at the rate Rubicon's money market account earns at the bank plus 2%, which was 2.45% as of December 31, 2014. The line matures on March of 2015. As of December 31, 2014 and 2013, Rubicon had borrowed $200,000 on the line. This line of credit has been paid off in 2015 and has been closed.

As part of the notes payable the company signed in December 2012, the company paid $21,000 in financing related costs. These costs have been capitalized as of December 31, 2012 and will be amortized into interest expense using the interest method over the life of the note. The Company amortized $4,083 and $16,917 into interest expense for the year ended December 31, 2013 and 2014, respectively.

As part of the note payable the Company signed in December of 2012, the Company agreed to certain covenants. The covenants include, but are not limited to, the Company continuing in good standing and in compliance with all statutes, laws, ordinances and government rules and regulations; the Company delivering financial statements to the lender within specified time periods; the Company providing the lender access to the records of the Company upon request; and the Company paying its taxes on a timely basis. As of December 31, 2013 and 2014, the Company believes it is in compliance with all the debt covenants; however, subsequent to obtaining the note, the Company borrowed significant additional funds on an unsecured basis and did not obtain the secured lender's consent when it obtained the new loans, which may be considered a technical default on the secured loan.

Interest expense for the year ended December 31, 2014 and 2013 was $88,647 and $113,759 respectively.

NOTE 11 – Income taxes

The Company follows ASC subtopic 740-10 for recording the provision for income taxes. ASC 740-10 requires the use of the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change.

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Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse.

The Company's effective federal income tax rate is higher than would be expected if the federal statutory rate were applied to income before tax, primarily because of expenses deductible for financial reporting purposes that are not deductible for tax purposes during the year ended December 31, 2014 and 2013.

As of December 31, 2014 and 2013, the Company has net operating loss carry-forwards which may or may not be used to reduce future federal income taxes payable. Current Federal Tax Law limits the amount of loss available to offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited. A valuation allowance has been recorded to reduce the net benefit recorded in the financial statements related to this deferred asset. The valuation allowance is deemed necessary as a result of the uncertainty associated with the ultimate realization of these deferred tax assets. The provision for federal income taxes consists of the following:

	As of December 31,			
		2014		2013
Benefits of deferred tax assets	$	370,568	$	435,373
Change in valuation allowance		(370,568)		(435,373)
Provision for federal income tax	$	-	$	-

Below is a summary of deferred tax asset calculations as of December 31, 2014 based on a 34% income tax rate. Currently there is no reasonable assurance that the Company will be able to take advantage of a deferred tax asset. Thus, an offsetting allowance has been established for the deferred asset.

		Deferred tax asset		34%
Net operating loss and other unrealized	$	16,710,064	$	5,681,422
Valuation allowance				(5,681,422)
Deferred tax asset			$	-

Below is a summary of deferred tax asset calculations as of December 31, 2013 based on a 34% income tax rate. Currently there is no reasonable assurance that the Company will be able to take advantage of a deferred tax asset. Thus, an offsetting allowance has been established for the deferred asset.

		Deferred tax asset		34%
Net operating loss and other unrealized	$	15,620,160	$	5,310,854
Valuation allowance				(5,310,854)
Deferred tax asset			$	-

For financial reporting purposes, the Company has incurred a loss since inception to December 31, 2014. Based on the available objective evidence, including the Company's history of its loss, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company provided for a full valuation allowance against its net deferred tax assets at December 31, 2013 and 2014. Further, management does not believe it has taken the position in the deductibility of its expenses that creates a more likely than not potential for future liability under the guidance of FIN 48.

A reconciliation between the amount of federal income tax benefit determined by applying the applicable U.S. and State statutory income tax rate to pre-tax loss is as follows:

	Year ended December 31,			
	2014		2013	
Federal and state statutory rate	34	%	34	%
Change in valuation allowance	(34	%)	(34	%)
	-		-	

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NOTE 12 – Stockholders' equity

Common stock

The Company is authorized to issue 100,000,000 shares of Common Stock, $0.001 par value per share. Holders of shares of common stock are entitled to one vote for each share on all matters to be voted on by the stockholders, are without cumulative voting rights, and are entitled to share ratably in dividends. In the event of a liquidation, dissolution, or winding up of the Company, the holders of shares of Common Stock are entitled to share pro rata all assets remaining after payment in full of all liabilities. Holders of Common Stock have no preemptive rights to purchase the Company's Common Stock. There are no conversion rights or redemption or sinking fund provisions with respect to the common stock.

Preferred Stock

The Company is authorized to issue 10,000,000 shares of $0.001 par value preferred stock; of which 1,000,000 shares are designated as Series A Convertible Preferred Stock and 1,000,000 shares are designated as Series B Convertible Preferred Stock. The preferred stock may be issued from time to time by the board of directors as shares of one or more classes or series.

Series A Convertible Preferred Stock

Holders of Series A Convertible Preferred Stock shall not have the right to vote on matters that come before the stockholders. The Series A Convertible Preferred Stock is redeemable at the Company's option, in whole or in part, at a redemption price of $2.00 per share. Series A Convertible Preferred Stock may be converted at a rate of twenty shares of common stock for each share of Series A Convertible Preferred stock. Series A Convertible Preferred Stock ranks senior to common stock in the event of liquidation.

Series B Convertible Preferred Stock

The Company established Series B Convertible Preferred Stock on February 23, 2013. Holders of Series B Convertible Preferred Stock shall have the right to ten votes for each share held on matters that come before the stockholders. Following the expiration of twelve months from the date of issuance, Series B Convertible Preferred Stock may be converted at a rate of five shares of common stock for each share of Series B Convertible Preferred stock. Series B Convertible Preferred Stock ranks senior to common stock in the event of liquidation. The Series B Convertible Preferred Stock is redeemable, in whole or in part, at a redemption price of $1.00 per share under the following conditions:

The Company shall be required to utilize certain amounts of funds it receives from equity or debt financing after the date of issuance of shares of Series B Preferred Stock to redeem the shares in accordance with the following: (i) the Company shall utilize 100% of funds received from the issuance and sale of shares of Series A preferred stock to redeem the shares of Series B Preferred Stock; (ii) the Company will not be required to redeem any shares of Series B Preferred stock for financings up to $500,000 in the aggregate; (iii) the Company shall utilize a minimum of 10% of the funds received to redeem the shares of Series B Preferred Stock from financings from $500,001 up to $1,000,000 in the aggregate; and (iv) the Company shall utilize a minimum of 25% of the funds received to redeem the shares of Series B Preferred Stock for financings in excess of $1,000,001 in the aggregate. The Company may choose to redeem the shares of Series B Preferred Stock from time to time after the date of issuance (each a "Redemption Date"), in whole or in part, by paying in cash in exchange for the shares of Preferred Stock to be redeemed a sum equal to $1.00 per Share of Preferred Stock.

As of December 31, 2012, there were 62,500 series A preferred shares issued and outstanding, no series B preferred shares issued and outstanding, 15,089,023 common shares issued and outstanding, and 250,000 common shares owed but not issued.

2013

In February of 2013, the Company sold 426,000 shares of series B preferred stock to an officer/director for $426,000.

In the second quarter of 2013, the Company began conducting a private placement offering of up to $525,000 of units of securities at $0.15 per unit. Each unit consists of one share of common stock and one three-year warrant to purchase one share of common stock at an exercise price of $0.50 per share. In May of 2013, the Company had its first closing related to the private placement offering and sold 1,666,667 units for a total of $250,000.

In the fourth quarter of 2013, the Company began conducting a private placement offering of up to $300,000 of units of securities at $0.20 per unit. Each unit consists of one share of common stock and one three-year warrant to purchase one share of common stock at an exercise price of $0.50 per share. In December of 2013, the Company had its first closing related to the private placement offering and sold 500,000 units for a total of $100,000. As of December 31, 2013, these shares had not been issued yet and are therefore shown in these financial statements as common stock owed but not issued.

As of December 31, 2013, there were 62,500 series A preferred shares issued and outstanding, 426,000 series B preferred shares issued and outstanding, 16,755,691 common shares issued and outstanding, and 750,000 common shares owed but not issued.

2014
In the first quarter of 2014, the Company began conducting a private placement offering of up to $1,500,000 of units of securities at $0.15 per unit. Each unit consists of one share of common stock and one five-year warrant to purchase one share of common stock at an exercise price of $0.25 per share. During the three months ended March 31, 2014, the Company sold 6,333,335 units for a total of $950,000.

In the second quarter of 2014, the Company continued conducting a private placement offering of up to $1,500,000 of units of securities at $0.15 per unit. Each unit consists of one share of common stock and one five-year warrant to purchase one share of common stock at an exercise price of $0.25 per share. During the three months ended June 30, 2014, the Company sold 866,667 units for a total of $130,000.

In the second quarter of 2014, the Company issued 500,000 shares of common stock that were owed as of December 31, 2013.

In May of 2014, the Company reached an agreement with an officer/director to buyback 1,002,500 shares of common stock and 426,000 shares of series B preferred stock for $150,000. Of the purchase price, $75,000 was payable immediately and the other $75,000 is payable on or before March 31, 2015. Concurrent with the agreement the officer/director resigned as an officer and director of the Company. These shares have been cancelled.

In May of 2014, the Company received 200,000 shares of common stock for cancellation pursuant to the terms of a confidential settlement agreement with a former board member. These shares were cancelled immediately.

In 2014, 62,500 shares of Series A preferred stock was converted into 1,250,000 shares of common stock.

In December of 2014, the Company conducted a private placement offering of up to $1,575,000 of units of securities at $0.60 per unit. Each unit consists of two shares of common stock and one five-year warrant to purchase one share of common stock at an exercise price of $0.50 per share. 271,167 units were sold for $162,700. As of December 31, 2014, the 542,334 shares were not issued and were shown as owed but not issued in these financial statements. In 2015, the shares were issued.

As of December 31, 2014, there were no series A preferred shares issued and outstanding, no series B preferred shares issued and outstanding, 24,503,193 common shares issued and outstanding, and 792,334 common shares owed but not issued.

NOTE 13 – Warrants and options

Warrants
As of December 31, 2012, there are no outstanding warrants.

During the year ended December 31, 2013, the Company issued three-year warrants in private placement offerings as described in Note 12 above. All have an exercise price of $0.50 and expire in the year ended December 31, 2016.

During the year ended December 31, 2014, the Company issued five-year warrants in private placement offerings as described in Note 12 above. All have an exercise price of $0.25 and $0.50 and expire in the year ended December 31, 2019.

Options
On June 2, 2008, Rubicon granted Mr. Grant Bettingen an option to purchase 500,000 shares of its common stock with an exercise price of $1.00 pursuant to his employment agreement with NCS. These options expired on June 2,

2013.

A summary of stock options and warrants as of December 31, 2014 and 2013 is as follows:

	Options	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Outstanding as of 01/31/13:	500,000	$1.00	-	$-
Granted	-	-	2,166,667	0.50
Cancelled	-	-	-	-
Expired	(500,000)	1.00	-	-
Outstanding as of 12/31/13:	-	$-	2,166,667	$0.50
Granted	-	-	7,471,169	0.26
Cancelled	-	-	-	-
Expired	-	-	-	-
Outstanding as of 12/31/14:	-	$-	9,637,836	$0.31
Vested as of 12/31/14:	-	$-	9,637,836	$0.31

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NOTE 14 – Operating Segments

Rubicon's operating segments are evidence of its internal organization. The major segments are defined by the type of services offered. Where applicable, "Corporate" represents items necessary to reconcile to the consolidated financial statements, which generally include corporate activity at the parent level and eliminations.

Net revenues as shown below represent commissions earned for each segment. Intercompany revenues have been eliminated and are immaterial for separate disclosure.

The Company evaluates performance of individual operating segments based on pre-tax income (loss). On a consolidated basis, this amount represents total net loss as shown in the consolidated statement of operations. Reconciling items represent corporate costs that are not allocated to the operating segments including; insurance, office, legal, accounting, depreciation, executive compensation, and other professional services expenses. Such costs have not been allocated from the parent to the subsidiaries.

	The Years Ended December 31,	
	2014	2013
Revenue		
Brokerage services	$ 21,986,575	$ 18,059,664
	21,986,575	18,059,664
Expenses		
Brokerage services	22,222,632	17,556,716
Corporate	1,092,047	724,631
	23,314,679	18,281,347
Net income (loss)	$ (1,328,104)	$ (221,683)

NOTE 15 – Commitments and Contingencies

Litigation

Grant Bettingen Lawsuit:

In July of 2009, the Company filed its first amended complaint against Grant Bettingen and Grant Bettingen, as Trustee of the 1999 Bettingen Trust U/D/T October 8, 1999, seeking damages for (i) Breach of Contract, (ii) Fraud, (iii) Declaratory Relief, (iv) Breach of Covenant of Good Faith and Fair Dealing, and (v) Unjust Enrichment. These claims arise from the June 2008 merger between the Company and NCS (then known as Grant Bettingen, Inc.) On or about August 10, 2009, the Company was served with a suit from M. Grant Bettingen, the Bettingen 1999 Trust and Christi Bettingen stemming from the same transaction. The Bettingen cross-complaint was dismissed in July of 2010 and has been appealed. While it is not possible to predict with certainty what liability or damages the Company might incur in connection with this lawsuit, based on the advice of counsel and a management review of the existing facts and circumstances related to this lawsuit, the Company has accrued $690,000 and $487,000 as of December 31, 2014 and 2013 for this matter, which is included in accrued investment obligation on its Consolidated Balance Sheet.

Wells notice:

During the year December 31, 2014, the Company received a Wells notice from the Financial Industry Regulatory Authority, Inc. (FINRA) regarding a preliminary determination to recommend disciplinary action against the

Company for possible FINRA rules violations from prior years. A Wells notice is neither a formal allegation nor a finding of wrongdoing. The Company is unable to estimate how long the FINRA process will last or its ultimate outcome. As of December 31, 2013 and 2014, management believes that no accrual for penalties or potential settlements is justified. As of the date of this filing, Management is unable to calculate a reasonable estimate of how this will effect the financials statements.

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General Litigation:

In addition to the above referenced lawsuit, the Company has several pending claims and arbitrations incurred in the normal course of business. In the Company's opinion, such claims can be resolved without any material adverse effect on its consolidated financial position, results of operations, or cash flows.

The Company maintains certain liability insurance; however, certain costs of defending lawsuits, such as those below the insurance deductible amount, are not covered by or only partially covered by its insurance policies, or its insurance carriers could refuse to cover certain of these claims in whole or in part. The Company accrues costs to defend itself from litigation as it is incurred or as it becomes determinable.

The outcome of litigation may not be assured, and despite management's views of the merits of any litigation, or the reasonableness of the Company's estimates and reserves, the Company's financial statements could nonetheless be materially affected by an adverse judgment. The Company believes it has adequately reserved for the contingencies arising from currently pending legal matters where an outcome was deemed to be probable, and the loss amount could be reasonably estimated. While it is not possible to predict with certainty what liability or damages the Company might incur in connection with any legal matter, based on the advice of counsel and a management review of the existing facts and circumstances related to pending legal matters, the Company has accrued $195,000 and $199,000 as of December 31, 2014 and 2013, respectively, for these matters, which is included on its Consolidated Balance Sheet. Management feels it is unlikely that any expense associated with current litigation or arbitrations would exceed the amount accrued.

Office lease agreements

In October of 2009, the Company entered into a long-term lease agreement for office space in Irvine, California commencing January 1, 2010 and ending on June 30, 2015. In December of 2012, the Company entered into a long-term lease agreement for office space in New York, New York commencing January 1, 2013 and ending on December 31, 2014. In May of 2013, the company entered into a long-term lease agreement for office space in Chicago, Illinois commencing on June 1, 2013 and ending on November 30, 2018. In April of 2014, the company entered into a long-term lease agreement for office space in New York, New York commencing April 15, 2014 and ending November 30, 2017. In June of 2014, the Company entered into a long-term lease agreement for office space in Memphis, Tennessee commencing on June 1, 2014 and ending on May 31, 2019. In November 2014, the company entered into a long term lease agreement in Boston, Massachusetts commencing on October 1, 2014 and ending September 30, 2016. The annual lease payments due pursuant to these agreements are as follows:

Year Ending December 31,	Amount
2015	$ 809,999
2016	688,455
2017	576,861
2018	153,260
2019	37,535
Total	$ 2,266,110

Rent expense is included in general and administrative expense and totaled $829,358 and $358,800 for the years ended December 31, 2014 and 2013 respectively.

NOTE 16 – Net capital requirement

The Company's wholly owned subsidiary, NCS, is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital equal to the greater of \$100,000 or 6 2/3% of aggregate debt balances, as defined in the SEC's Reserve Requirement Rule (Rule 15c3-3). At December 31, 2014, NCS had net capital of \$337,695 and was \$214,084 in excess of its required net capital of \$123,611. At December 31, 2013, NCS had net capital of \$277,468 and was \$177,468 in excess of its required net capital of \$100,000.

NOTE 17 – Fair Value Measurements

The Company adopted ASC Topic 820-10 at the beginning of 2009 to measure the fair value of certain of its financial assets required to be measured on a recurring basis. The adoption of ASC Topic 820-10 did not impact the Company's financial condition or results of operations. ASC Topic 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). ASC Topic 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability. The three levels of the fair value hierarchy under ASC Topic 820-10 are described below:

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Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2 – Valuations based on quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.

Level 3 – Valuations based on inputs that are supportable by little or no market activity and that are significant to the fair value of the asset or liability. The Company has no level 3 assets or liabilities.

The following table presents a reconciliation of all assets and liabilities measured at fair value on a recurring basis as of December 31, 2014:

	Level 1	Level 2	Level 3	Fair Value
Cash	$1,892,546	$-	-	$1,892,546
Accounts receivable	-	1,302,255	-	1,302,255
Marketable securities	80,878	-	-	80,878
Accounts payable	-	636,210	-	636,210
Accrued expenses	-	1,763,937	-	1,763,937
Notes payable	-	711,306	-	711,306

The following table presents a reconciliation of all assets and liabilities measured at fair value on a recurring basis as of December 31, 2013:

	Level 1	Level 2	Level 3	Fair Value
Cash	$1,050,472	$-	-	$1,050,472
Accounts receivable	-	826,246	-	826,246
Marketable securities	201,921	-	-	201,921
Notes and interest receivable	-	43,569	-	43,569
Accounts payable	-	404,236	-	404,236
Accrued expenses	-	873,147	-	873,147
Notes payable	-	642,154	-	642,154

NOTE 18 – Subsequent Events

The Company has evaluated all subsequent events through the date these financial statements were issued and determined that there are no subsequent events to record and the following subsequent events to disclose:

Subsequent to year end, the Company issued 542,334 shares of common stock previously authorized but unissued.

On January 15, 2015, the Company amended and restated its Series B Convertible Preferred Stock and issued 1,000,000 shares to its CEO for accrued salary and 500,000 shares for accrued legal fees.

In February of 2015, the Company settled current litigation with the Bettingens whereby it agreed to pay the Bettingens $200,000 on or before April 27, 2015, another $300,000 for the purchase of 1.2 million shares of its common stock owned by the Bettingens on or before June 15, 2015 and make monthly payments of $7,020 to the Bettingens for the period from March 1, 2015 through March 1, 2019. The Company also agreed to pay for or provide two offices to each of the Bettingen's and grant the Bettingens a five year warrant to purchase 1 million shares of its common stock at $0.25 per share.

On March 3, 2015, the Company received $25,000 in the form of a convertible promissory note from a current stockholder. The note bears interest at 6% per annum and matures on July 31, 2015.

On April 27, 2015, the Company received $135,000 in the form of a promissory note from a current stockholder. The note bears interest at 6% per annum and matures on June 15, 2015.

On May 18, 2015, the Company received $250,000 in the form of a promissory note from an unaffiliated third party. The note bears interest at 6% per annum and matures upon the earlier of (i) concurrent with the sale of 20% of the Company's ownership interest in NCS, or (ii) June 30, 2015. In the event of default in repayment of the note, the Company agreed to issue the lender 2,500,000 shares of common stock as liquidated damages.

On May 14th, 2015, NCS received $150,000 from COR Clearing in the form of a promissory note. The note bears interest at 10% per annum and matures on May 13, 2017.

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Item 9. Changes in and Disagreements With Accountants On Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer, Joseph Mangiapane, Jr. and Richard Onesto, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Report. Based on the evaluation, Mr. Mangiapane and Mr. Onesto concluded that our disclosure controls and procedures are effective in timely altering them to material information relating to us (including our consolidated subsidiaries) required to be included in our periodic SEC filings.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal controls over financial reporting that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Internal control systems, no matter how well designed and operated, have inherent limitations. Therefore, even a system that is determined to be effective cannot provide absolute assurance that all control issues have been detected or prevented. Our systems of internal controls are designed to provide reasonable assurance with respect to financial statement preparation and presentation.

Item 9B. Other Information.

On March 3, 2015, we received $25,000 in the form of a convertible promissory note from a current stockholder. The note bears interest at 6% per annum and matures on July 31, 2015. A copy of the note is attached hereto as Exhibit 10.8.

On April 27, 2015, we received $135,000 in the form of a promissory note from a current stockholder. The note bears interest at 6% per annum and matures on June 15, 2015. A copy of the note is attached hereto as Exhibit 10.9.

On May 18, 2015, we received $250,000 in the form of a promissory note from an unaffiliated third party. The note bears interest at 6% per annum and matures upon the earlier of (i) concurrent with the sale of 20% of our ownership interest in NCS, or (ii) June 30, 2015. In the event of default in repayment of the note, we agreed to issue the lender 2,500,000 shares of common stock as liquidated damages. A copy of the note is attached hereto as Exhibit 10.10.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The following table sets forth the names and positions of Rubicon's executive officers and directors.

Name	Age	Title(s)
Joseph Mangiapane, Jr.	49	Chief Executive Officer, President, Secretary and Chairman
Kathleen McPherson(1)	57	Former Director
Donald J. Wojnowski, Jr.(2)	55	Former Chief Executive Officer of NCS
Richard Onesto	46	Chief Financial Officer, and Sole Director, Chief Executive and Chief Financial Officer of NCS

(1) Ms. McPherson resigned as a director effective May 15, 2014.

(2) Mr. Wojnowski, Jr. was replaced as CEO of NCS effective January 15, 2015 and Mr. Onesto assumed the CEO position.

Joseph Mangiapane, Jr. is the Chief Executive Officer, President and Principal Financial Officer and has been the Chairman of the Rubicon's Board of Directors since September 2006. In 2009, Mr. Mangiapane began to operate as a FINRA registered broker/dealer for Newport Coast Securities, Inc., a wholly owned subsidiary of Rubicon. Further, Mr. Mangiapane was a senior registered options principal, compliance registered options principal, and a registered representative with Advantage Investment Strategies, Inc., and a FINRA registered broker/dealer from 2005 to 2007. From 1992 to 2000, Mr. Mangiapane was a stockholder, senior registered options principal, compliance registered options principal, and a registered representative with Tradeway Securities Group in Irvine, California. From 1987 to 1989, Mr. Mangiapane was employed with Paine Webber's Sexton Group, and from 1986 to 1987 at Drexel Burnham Lambert. Mr. Mangiapane owned and managed a restaurant in Orange County California from 2000 to 2004. Mr. Mangiapane's father was a founder of Dial-A-Cup, a wholly owned subsidiary of Rubicon. Mr. Mangiapane holds series 4, 7 and 63 licenses.

Richard Onesto was named the Chief Financial Officer of Newport Coast Securities in March 2013 and chief financial officer of the company in June of 2014 and assumed the role of Chief Executive Officer of NCS in January of 2015. Prior to becoming an executive officer of NCS, Onesto was registered with and the CFO of Meyers & Associates from March of 2012 through January of 2013. Prior to joining Meyers, Onesto was CFO for Far Hills Group from June of 2006 to March of 2012. Mr. Onesto began his securities industry career at S.G. Warburg in 1991 and holds a BBA in Accounting and Taxation from Pace University. He also holds series 7, 24, 27 and 99 licenses.

Limitation of Liability of Directors

Pursuant to our Certificate of Incorporation, we have agreed to indemnify our directors to the fullest extent permitted by Nevada General Corporate Law. Under General Nevada Corporate Law, other than in actions brought by or in the right of the corporation, such indemnification would apply if it were determined in the specific case that the proposed indemnity acted in good faith and in a manner such person reasonably believed in or not opposed to be in the best interests of the corporation and, with respect to any criminal proceeding, if such person had no reasonable cause to believe that the conduct was unlawful. To the extent that any director has been successful on the merits or otherwise in defense of any action, suit, proceeding, as discussed herein, whether civil, criminal, administrative, or investigative, such person must be indemnified against reasonable expenses incurred by such person in connection therewith. A Certificate of Incorporation does not eliminate or limit the liability of a director for acts or omissions that involve intentional misconduct or a knowing violation of law by a director. Additionally, General Nevada Corporate Law does not affect the availability of equitable remedies such as an injunction or rescission based upon a director's breach of his duty of care.

Election of Directors and Officers

Directors are elected to serve until the next annual meeting of stockholders and until their successors have been elected and qualified. Officers are appointed to serve until the meeting of the board of directors following the next annual meeting of stockholders and until their successors have been elected and qualified. We have not held an annual meeting of stockholders since August of 2011. However, we intend to hold an annual meeting some time in 2015, at such time our directors will be elected.

Involvement in Certain Legal Proceedings

Other than as set forth below, none of our executive officers or directors has been the subject of any Order, Judgment, or Decree of any Court of competent jurisdiction, or any regulatory agency permanently or temporarily enjoining, barring suspending or otherwise limiting him from acting as an investment advisor, underwriter, broker or dealer in the securities industry, or as an affiliated person, director or employee of an investment company, bank, savings and loan association, or insurance company or from engaging in or continuing any conduct or practice in connection with any such activity or in connection with the purchase or sale of any securities.

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Other than as set forth below, none of our executive officers or directors has been convicted in any criminal proceeding (excluding traffic violations) or is the subject of a criminal proceeding, which is currently pending.

On May 21, 2009, the SEC filed a civil complaint against eight individuals, including Joseph Mangiapane, Jr., our chief executive officer, principal financial officer, president, secretary and treasurer, alleging violations of the antifraud, registration, and other provisions of the federal securities laws. Mr. Mangiapane was a registered representative with AIS Financial, Inc., a previously registered broker/dealer, at all times relevant to the allegations (August 2006 to February 2007). The SEC's civil complaint is ongoing and Mr. Mangiapane intends to vigorously defend himself against the SEC's allegations.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires our executive officers and directors, and persons who beneficially own more than ten percent of our common stock, to file initial reports of ownership and reports of changes in ownership with the SEC. Executive officers, directors and greater than ten percent beneficial owners are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. All reports required by Section 16(a) were filed in connection with the securities issuances to our officers, other than Mr. Onesto, and directors, other than Ms. McPherson, during fiscal 2014.

Board of Directors

Our board of directors currently consists of two members. Our board of directors has affirmatively determined that none of them are independent directors, as defined by Section 803 of the American Stock Exchange Company Guide.

Audit Committee

We do not have an Audit Committee, our Board of Directors, performs some of the same functions of an Audit Committee, such as: recommending a firm of independent certified public accountants to audit the annual financial statements; reviewing the independent auditors independence, the financial statements and their audit report; and reviewing management's administration of the system of internal accounting controls.

We have no financial expert. We believe the cost related to retaining a financial expert at this time is prohibitive. Further, because of our start-up operations, we believe the services of a financial expert are not warranted.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees, as well as to directors, officers and employees of each subsidiary of Rubicon. Our Code of Ethics was attached to our 2008 Form 10-K as Exhibit 99.1. A copy of our Code of Business Conduct and Ethics will be provided to any person, without charge, upon request. Contact Joseph Mangiapane, Jr. at 888-668-9567 to request a copy of the Code or send your request to Rubicon Financial Incorporated, Attn: Joseph Mangiapane, Jr., 18872 MacArthur Blvd., First Floor, Irvine, California 92612. If any substantive amendments are made to the Code of Business Conduct and Ethics or if we grant any waiver, including any implicit waiver, from a provision of the Code to any of our officers and directors, we will disclose the nature of such amendment or waiver in a report on Form 8-K.

Nominating Committee

We do not have a Nominating Committee. Our board of directors performed some of the functions associated with a Nominating Committee.

Item 11. Executive Compensation.

The following table sets forth summary compensation information for the years ended December 31, 2014 and 2013 for our chief executive officer and other executive officers, whom we refer to throughout this report as our named executive officers, whose total compensation exceeded $100,000.

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Summary Compensation Table

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Option Awards ($)	Restricted Stock Awards ($)	All Other Compensation ($)	Total ($)
Joseph Mangiapane, Jr.	2014	$ 271,200 (1)	$ --	$ --	$ --	$ 71,589 (2)	$ 342,789
Chief Executive Officer/President	2013	$ 202,721	$ --	$ --	$ --	$ 21,038	$ 223,759
Principal Financial Officer							
Kathleen McPherson	2014	$	$ --	$ --	$ --	$	$
Former Chief Executive	2013	$ 86,250	$ --	$ --	$ --	$ 68,446	$ 173,896
Officer of NCS							
Donald J. Wojnowski, Jr.	2014	$ 182,292	$ --	$ --	$ --	$ 202,006 (3)	$ 384,298
Chief Executive Officer	2013	$ 221,736(4)	$ --	$ --	$ --	$ 12,000	$ 233,736
of Newport Coast Securities, Inc.							
Richard Onesto	2014	$ 156,250	$	$	$	$ 18,168(5)	$ 174,418
Chief Financial Officer	2013	$ 123,479	$ --	$ --	$ --	$ 12,000	$ 135,479
of Newport Coast Securities, Inc.							

(1) Represents $150,000 salaries paid and $121,200 deferred compensation.
(2) Represents $60,000 consulting fees earned and $11,589 in commissions at NCS
(3) Represents $52,392 in commissions, $137,614 in overrides and $12,000 in insurance benefits at NCS.
(4) Represents $160,417 in salary, $51,128 in overrides and $10,191 in commissions at NCS.
(5) Represents $6,168 in commissions and $12,000 in insurance benefits at NCS.

Grants of Plan-Based Awards in Fiscal 2014

We did not grant any plan-based awards to our named executive officers during the fiscal year ended December 31, 2014.

Outstanding Equity Awards at 2014 Fiscal Year-End

There were no outstanding equity awards to our named executive officers at December 31, 2014.

Option Exercises for 2014

There were no options exercised by our named executive officers in fiscal 2014.

Executive Employment Agreements

Joseph Mangiapane, Jr.:

On January 1, 2007, Rubicon entered into an employment agreement with Joseph Mangiapane, Jr., its Chief Executive Officer. The Employment Agreement provided for a term commencing on January 1, 2007 and expiring on December 31, 2010, with an automatic two year renewals unless otherwise terminated as described in the agreement. The Employment Agreement has been extended through December 31, 2016. Mr. Mangiapane is entitled to the following current compensation pursuant to the Employment Agreement, as extended.

- Rubicon has agreed to pay Mr. Mangiapane a current base salary of $22,600 per month with yearly adjustments being determined by specified criteria and our board of directors.

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- Mr. Mangiapane is entitled to incentive compensation determined after the completion of the annual independent audit and based upon our net operating profits before taxes, interest, any other executive bonuses paid, depreciation and amortization ("EBITBDA") and a cumulative scaled percentage. The incentive compensation is limited to six times Mr. Mangiapane's base salary.
- As a signing bonus, Mr. Mangiapane was granted an option to purchase 500,000 shares of our common stock for $1.00 per share for a period of five (5) years. These options expired on December 31, 2011.
- Mr. Mangiapane will be eligible to participate in Rubicon's Stock Option Plan and Stock Purchase Plan during the term of his employment.
- In the event Rubicon terminates Mr. Mangiapane's employment agreement without "cause" (as defined in the Employment Agreement) or Mr. Mangiapane resigns with "good reason" (as defined in the Employment Agreement), Mr. Mangiapane shall be entitled to receive, through the end of the term his base salary and incentive compensation.
- If the Employment Agreement is terminated for "cause" (as defined in the Employment Agreement), Mr. Mangiapane shall receive his base salary and incentive compensation through the date of termination. However, if a dispute arises between Rubicon and Mr. Mangiapane that is not resolved within 60 days and neither party initiates arbitration, we have the option to pay Mr. Mangiapane a lump sum of 6 months base salary as "severance payment" rather than pay Mr. Mangiapane's salary and incentive compensation through the date of termination.
- In the event Mr. Mangiapane becomes incapacitated by reason of accident, illness, or other disability whereby he is unable to carry on substantially all of his normal duties for a continuous period of 120 days, the Employment Agreement will terminate and Mr. Mangiapane will receive (1) through the end of the fiscal year his incentive compensation and (2) his base salary for a 6 month period reduced by the amount of any payment received from disability insurance proceeds.
- In the event Mr. Mangiapane dies during the term of the Employment Agreement, Rubicon will pay to the estate of Mr. Mangiapane his incentive compensation and his base salary for a period of 6 months.

Change in Control Arrangements

Rubicon has entered into an employment agreement with Joseph Mangiapane, Jr., its chief executive officer. This employment agreement allows for him to resign for good reason upon a change in control of Rubicon. Upon his resignation for good reason, Mr. Mangiapane would continue to receive, through the end of the Term of his Agreement, his incentive compensation in accordance with the terms and conditions of his agreement up to a cap of 6 times his annual salary and his salary at the rate then in effect. Further, Mr. Mangiapane's stock options shall remain exercisable for the entire term of the options.

For purposes of the employment agreement, a change in control is defined as:

(i) a merger or consolidation in which securities possessing more than fifty percent (50%) of the total combined voting power of our outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction in a transaction approved by the stockholders, or the sale, transfer, or other disposition of more than fifty percent (50%) of the total combined voting power of our outstanding securities to a person or persons different from the persons holding those securities immediately prior to such transaction; or

(ii) the sale, transfer or other disposition of all or substantially all of the our assets in complete liquidation or dissolution of our Company other than in connection with a transaction described in (i) above.

Director Compensation

The following table sets forth compensation paid to Rubicon's board members during the year ended December 31, 2014.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Kathleen McPherson (1)	-	-	-	-	-	-
Joseph Mangiapane, Jr. (2)	-	-	-	-	-	-

(1) Ms. McPherson is the former chief executive officer of Newport Coast Securities, Inc., as such her compensation as an officer is disclosed above under Executive Compensation. Further, Ms. McPherson resigned as a director effective May 1, 2014.

(2) Mr. Mangiapane is the sole officer of Rubicon Financial Incorporated, as such his compensation as an officer is disclosed above under Executive Compensation.

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Directors generally receive equity compensation of 2,500 restricted shares of common stock per year of service; however, directors were not issued any shares for fiscal years 2014, 2013, 2012 and 2011. Further, directors who are not employees receive compensation of $500 for each meeting of the board, as well as travel expenses if required. From time to time, certain directors who are not employees may also receive grants of options to purchase shares of Rubicon common stock.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table presents information, to the best of Rubicon's knowledge, about the ownership of Rubicon's common stock on March 31, 2015 relating to those persons known to beneficially own more than 5% of Rubicon's capital stock and by Rubicon's directors and executive officers. The percentage of beneficial ownership for the following table is based on 25,045,527 shares of common stock outstanding.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and does not necessarily indicate beneficial ownership for any other purpose. Under these rules, beneficial ownership includes those shares of common stock over which the stockholder has sole or shared voting or investment power. It also includes shares of common stock that the stockholder has a right to acquire within 60 days after March 31, 2015 pursuant to options, warrants, conversion privileges or other right. The percentage ownership of the outstanding common stock, however, is based on the assumption, expressly required by the rules of the Securities and Exchange Commission, that only the person or entity whose ownership is being reported has converted options or warrants into shares of Rubicon's common stock.

Name of Beneficial Owner, Officer or Director(1)	Number of Shares	Percent of Outstanding Shares of Common Stock(2)
Joseph Mangiapane, Jr., Chief Executive Officer and Chairman(3)	3,292,500(4)	12.6%
Donald J. Wojnowski, Jr., Former Chief Executive Officer of NCS(3)(5)	333,334(6)	1.3%
Richard Onesto, Chief Financial Officer(3)	0	-
Directors and Officers as a Group	3,625,834	13.8%
Beneficial Owners:		
The Bettingen 1999 Trust U/D/T October 8, 1999(7) 4100 Newport Place, STE# 630 Newport Beach, CA 92660	2,200,000	8.4%
Delaware Charter FBO Rodney D. Baber R/O IRA(8) C/O COR Clearing 1200 Landmark Center Suite 800 Omaha, NE 68102	3,333,334	12.5%
James Robert Jenkins II(9) 7344 Splinter Oak Cove Germantown, TN 38138	2,000,000	7.7%
David Levinson(10) 3000 Park Newport #105	1,333,334	5.2%

Newport Beach, CA 92660		
Graham R. Smith(11) 517 East Parkway South Memphis, TN 38104	1,334,334	5.2%
Spagus Capital Partners LLC(12) 85 Toll Gate Road Warwick, RI 02886	6,333,334	22.4%
Todd A. Zuckerbrod TTEE Stuart Edwar Meltzer Trust(13) 40 S.E. 5th Street, Suite 400 Boca Raton, FL 33432	1,333,334	5.2%

(1) As used in this table, “beneficial ownership” means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or to direct the disposition of, a security).
(2) Figures are rounded to the nearest tenth of a percent.
(3) The address of each person is care of Rubicon: 18872 MacArthur Blvd., First Floor, Irvine, California 92612.
(4) Includes 300,000 shares held by Mr. Mangiapane’s spouse and children and 1,000,000 shares of Series B Convertible Preferred Stock held by Mr. Mangiapane that is convertible into 1,000,000 shares of common stock.
(5) Mr. Wojnowski was replaced as the CEO of NCS on January 15, 2015.
(6) Represents shares held in Mr. Wojnowski’s 401K and includes 166,667 warrants to purchase shares of our common stock for $0.50 per share through April 23, 2016.
(7) 1,200,000 shares of common stock are subject to repurchase by us on or before June 15, 2015 pursuant to the terms of a settlement agreement. Includes 1,000,000 five year warrants to purchase shares of our common stock at $0.25 per share.
(8) Includes 1,666,667 warrants to purchase shares of our common stock at $0.25 per share expiring on April 1, 2019.
(9) Includes 1,000,000 warrants to purchase shares of our common stock at $0.25 per share expiring on April 1, 2019.
(10) Includes 666,667 warrants to purchase shares of our common stock at $0.25 per share expiring on May 5, 2019.
(11) Includes 666,667 warrants to purchase shares of our common stock at $0.25 per share expiring on April 1, 2019.
(12) Includes 500,000 warrants to purchase shares of our common stock at $0.50 per share expiring on September 23, 2016 and 2,666,667 warrants to purchase shares of our common stock at $0.25 per share expiring on March 2, 2019.
(13) Includes 666,667 warrants to purchase shares of our common stock at $0.50 per share expiring on April 9, 2016.

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2014 regarding outstanding options granted under the plans, warrants issued to consultants and options/shares reserved for future grant under the plan.

Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a) (c)
Equity compensation plans approved by stockholders	--	$ --	5,631,250
Equity compensation plans not approved by stockholders	--	--	--
Total	--	$ --	5,631,250(1)

(1) As of December 31, 2014, 2,500,000 options were available for issuance under our 2007 stock option plan and 3,131,250 options/shares were available for issuance under our 2007 acquisition stock plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Other than as set forth below, we were not a party to any transactions or series of similar transactions that have occurred during fiscal 2014 in which:

- The amounts involved exceeds the lesser of $120,000 or one percent of the average of our total assets at year end for the last two completed fiscal years ($31,127); and
- A director, executive officer, holder of more than 5% of our common stock or any member of their immediate family had or will have a direct or indirect material interest.

As of December 31, 2014 and 2013, we owed accrued payroll to Mr. Mangiapane, our CEO/chairman, in the amount of $212,100 and $97,150, respectively.

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In May of 2014, we reached an agreement with Kathleen McPherson, a former director, to purchase 1,002,500 shares of common stock and 426,000 shares of series B preferred stock for $150,000. Of the purchase price, $75,000 was payable immediately and the other $75,000 was payable on or before March 31, 2015. We believe Ms. McPherson breached the terms of the settlement agreement and therefore did not make the second payment.

Director Independence

Our board of directors has affirmatively determined that none of our current directors are independent.

Item 14. Principal Accountant Fees and Services.

Samyn & Martin, LLC served as our principal independent public accountants for fiscal 2014 and 2013 years. Aggregate fees billed to us for the fiscal years ended December 31, 2014 and 2013 by Samyn & Martin, LLC were as follows:

	For the Fiscal Years Ended December 31,	
	2014	2013
(1) Audit Fees(1)	$ 68,385	$ 69,750
(2) Audit-Related Fees(2)	-0-	-0-
(3) Tax Fees(3)	5,000	-0-
(4) All Other Fees	-0-	-0-
Total fees paid or accrued to our principal accountant	$ 73,385	$ 69,750

(1) Audit Fees include fees billed and expected to be billed for services performed to comply with Generally Accepted Auditing Standards (GAAS), including the recurring audit of our consolidated financial statements for such period included in this Annual Report on Form 10-K and for the reviews of the consolidated quarterly financial statements included in the Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission. This category also includes fees for audits provided in connection with statutory filings or procedures related to audit of income tax provisions and related reserves, consents and assistance with and review of documents filed with the SEC.

(2) Audit-Related Fees include fees for services associated with assurance and reasonably related to the performance of the audit or review of our financial statements. This category includes fees related to assistance in financial due diligence related to mergers and acquisitions, consultations regarding Generally Accepted Accounting Principles, reviews and evaluations of the impact of new regulatory pronouncements, general assistance with implementation of Sarbanes-Oxley Act of 2002 requirements and audit services not required by statute or regulation.

(3) Tax fees consist of fees related to the preparation and review of our federal and state income tax returns.

(5) Audit Committee Policies and Procedures

Our board of directors, acting in the capacity of the Audit Committee, pre-approves all services to be provided to us by our independent auditor. This process involves obtaining (i) a written description of the proposed services, (ii) the confirmation of our Principal Financial Officer that the services are compatible with maintaining specific principles relating to independence, and (iii) confirmation from our securities counsel that the services are not among those that our independent auditors have been prohibited from performing under SEC rules, as outlined in the Audit Committee charter. Our board of directors then makes a determination to approve or disapprove the engagement of Samyn & Martin for the proposed services. In fiscal 2013, all fees paid to Samyn & Martin were unanimously pre-approved in accordance with this policy.

(6) Less than 50 percent of hours expended on the principal accountant’s engagement to audit the registrant’s financial statements for the most recent fiscal year were attributed to work performed by persons other than the principal accountant’s full-time, permanent employees.

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PART IV

Item 15. Exhibits, Financial Statement Schedules.

The following information required under this item is filed as part of this report:

(a) 1. Financial Statements

(b) 2. Financial Statement Schedules

None.

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(c) 3. Exhibit Index

			Incorporated by reference			
Exhibit	Exhibit Description	Filed herewith	Form	Period ending	Exhibit	Filing date
2.1	Agreement and Plan of Merger and Reincorporation, dated August 22, 2011		8-K		2(c)	9/21/11
2.1(b)	Articles of Merger of Rubicon Financial Incorporated, a Nevada corporation and Rubicon Financial Incorporated, a Delaware corporation – Dated August 29, 2011		8-K		3(i)(i)	9/21/11
2.1(c)	Certificate of Merger of Rubicon Financial Incorporated, Nevada corporation and Rubicon Financial Incorporated, Delaware corporation		8-K		3(i)(j)	9/21/11
2.2	Merger Agreement among Rubicon Financial Incorporated, RFI Sub, Inc. and Grant Bettingen, Inc.		8-K		2.7	07/05/07
2.2(b)	Amendment No. 1 to the Merger Agreement among Rubicon Financial Incorporated, RFI Sub, Inc. and Grant Bettingen, Inc.		8-K		2.7(b)	09/14/07
2.2(c)	Amendment No.2 to the Merger Agreement among Rubicon Financial Incorporated, RFI Sub, Inc. and Grant Bettingen, Inc., dated January 23, 2007		8-K		2.7(c)	01/24/08
2.2(d)	Amendment No. 3 to the Merger Agreement among Rubicon Financial Incorporated, RFI Sub, Inc. and Grant Bettingen, Inc., dated March 18, 2008		8-K		2.7(d)	03/21/08
2.3	Separation and Distribution Agreement by and between Rubicon Financial Incorporated and Dial-A-Cup, Inc.		8-K		2.8	08/06/07
3.1(i)	Articles of Incorporation, as currently in effect		8-K		3(i)(h)	9/21/11
3.1(ii)	Bylaws, as currently in effect		8-K		3(ii)(c)	9/21/11
4.1	Amended and Restated Certificate of Designation of 8% Series A Convertible Preferred Stock		10-Q	09/30/08	4.1	11/19/08
4.2	Amended and Restated Certificate of Designation of Series A Convertible Preferred Stock		8-K		4.1	03/07/13
4.3	Certificate of Designation for Series B Convertible Preferred Stock		8-K		4.2	03/07/13
4.4	Amended and Restated Certificate of Designation for Series B Convertible Preferred Stock		8-K		4.1	01/21/15
10.1†	Employment Agreement with Joseph Mangiapane, Jr.		8-K		10.3	01/17/07
10.2	Share Purchase Agreement between Rubicon Financial Incorporated and Grant Bettingen, Inc.		8-K		10.9	09/14/07
10.3	Amendment No. 1 to NCS Stock Purchase Agreement dated March 18, 2008		8-K		10.12	03/21/08
10.4	Term Note with Gordon and Adele Binder, Community Property, dated November 30, 2012		8-K		10.1	12/14/12
10.5	Security Agreement in favor of Gordon and Adele Binder, Community Property, dated November 30,		8-K		10.2	12/14/12

	2012				
10.6	Series B Preferred Stock Purchase Agreement with Kathleen McPherson		10-K	10.6	04/14/14
10.7	Spagus Capital Partners $300,000 Note		8-K	10.1	01/21/15
10.8	$25,000 Convertible Promissory Note Dated March 3, 2015	X			
10.9	$135,000 Promissory Note Dated April 27, 2015	X			
10.10	$250,000 Promissory Note Dated May 18, 2015	X			
21.1	List of Subsidiaries	X			
23.1	Consent of Samyn & Martin, LLC	X			
31.1	Certification of Joseph Mangiapane, Jr., Chief Executive Officer and Principal Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act	X			
31.2	Certification of Richard Onesto, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act	X			
32.1	Certification of Joseph Mangiapane, Jr., Chief Executive Officer a, pursuant to Section 906 of the Sarbanes-Oxley Act	X			
32.2	Certification of Richard Onesto, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act	X			
101.INS	XBRL Instance Document	X			
101.SCH	XBRL Taxonomy Extension Schema	X			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	X			
101.DEF	XBRL Taxonomy Extension Definition Linkbase	X			
101.LAB	XBRL Taxonomy Extension Label Linkbase	X			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	X			

† Indicates management contract or compensatory plan or arrangement.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RUBICON FINANCIAL INCORPORATED

Date: June 5, 2015	By:	/s/ Joseph Mangiapane, Jr. Joseph Mangiapane Jr. Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, the following persons on behalf of the Registrant and in the capacities and on the dates indicated have signed this report below.

Name	Title	Date
/s/ Joseph Mangiapane, Jr. Joseph Mangiapane, Jr.	Chief Executive Officer, President & Director (Principal Executive Officer)	June 5, 2015
/s/ Richard Onesto Richard Onesto	Chief Financial Officer (Principal Financial Officer)	June 5, 2015