

D. H. HILL SECURITIES, LLLP

**AUDITED FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION
AND REVIEWED EXEMPTION REPORT**

December 31, 2021

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

ANNUAL REPORTS
FORM X-17A-5
PART III

OMB APPROVAL
OMB Number: 3235-0123 Expires: Oct. 31, 2023 Estimated average burden hours per response: 12

SEC FILE NUMBER
8 - 49475

FACING PAGE

Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 01/01/2021 AND ENDING 12/31/2021
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: D. H. Hill Securities, LLLP

TYPE OF REGISTRANT (check all applicable boxes):

☒ Broker-dealer ☐ Security-based swap dealer ☐ Major security-based swap participant
☐ Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

1543 Green Oak Place, Ste 100

(No. and Street)

Kingwood

TX

77339

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Dan H. Hill

832-644-1852

dhill@dhhill.com

(Name)

(Area Code - Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

Phillip V. George, PLLC

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

5179 CR 1026

Celeste

TX

75423

(Address)

(City)

(State)

(Zip Code)

02/24/2009

PCAOB #3366

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

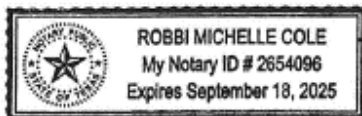
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* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Dan H. Hill, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of D. H. Hill Securities, LLLP, as of December 31, 2021, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.



Robbi Michelle Cole
Notary Public

Signature: Dan H. Hill
Title: Financial Operations Officer

This filing** contains (check all applicable boxes):

- ☒ (a) Statement of financial condition.
- ☐ (b) Notes to consolidated statement of financial condition.
- ☒ (c) Statement of income (loss) or, if there is other comprehensive income in the period(s) presented, a statement of comprehensive income (as defined in § 210.1-02 of Regulation S-X).
- ☒ (d) Statement of cash flows.
- ☒ (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- ☐ (f) Statement of changes in liabilities subordinated to claims of creditors.
- ☒ (g) Notes to consolidated financial statements.
- ☒ (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- ☐ (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- ☐ (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- ☐ (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- ☐ (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- ☒ (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- ☐ (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- ☒ (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- ☐ (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- ☒ (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- ☐ (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☒ (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (t) Independent public accountant's report based on an examination of the statement of financial condition.
- ☒ (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- ☐ (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☒ (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- ☐ (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- ☐ (z) Other: _____

**To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

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CONTENTS

	Page
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	1
FINANCIAL STATEMENTS	
Statement of Financial Condition	2
Statement of Operations	3
Statement of Changes in Partners' Capital	4
Statement of Cash Flows	5
Notes to Financial Statements	6
SCHEDULES	
Schedule I – Supplemental Information Pursuant to Rule 17a-5	10
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	11
EXEMPTION REPORT	12

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PHILLIP V. GEORGE, PLLC
CERTIFIED PUBLIC ACCOUNTANT

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners
D.H. Hill Securities, LLLP

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of D.H. Hill Securities, LLLP as of December 31, 2021, the related statements of operations, changes in partners' capital, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of D.H. Hill Securities, LLLP as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Auditor's Report on Supplemental Information

The supplemental information contained in Schedule I has been subjected to audit procedures performed in conjunction with the audit of D.H. Hill Securities, LLLP's financial statements. The supplemental information is the responsibility of D.H. Hill Securities, LLLP's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplemental information contained in Schedule I is fairly stated, in all material respects, in relation to the financial statements as a whole.



PHILLIP V. GEORGE, PLLC

We have served as D.H. Hill Securities, LLLP's auditor since 2017.

Celeste, Texas
February 28, 2022

D. H. HILL SECURITIES, LLLP
Statement of Financial Condition
December 31, 2021

Assets	
Cash	\$ 382,074
Receivables	405,051
Other receivables	16,640
Prepaid expenses	2,553
Total Assets	<u>\$ 806,318</u>
Liabilities and Partners' Capital	
Liabilities	
Accounts payable and accrued expenses	\$ 67,129
Commissions payable	399,381
Total Liabilities	<u>\$ 466,510</u>
Partners' Capital	<u>339,808</u>
Total Liabilities and Partners' Capital	<u>\$ 806,318</u>

See Notes to Financial Statements.

D. H. HILL SECURITIES, LLLP
Statement of Operations
For Year Ended December 31, 2021

Revenues	
Securities commissions	\$ 601,554
Insurance commissions	1,115,941
Mutual fund commissions	309,630
Administrative Services	231,322
Private placements	404,886
Other revenue	40,011
	<hr/>
Total Revenues	\$ 2,703,345
	<hr/>
Expenses	
Compensation and related costs	\$ 1,882,764
Administrative expenses - related parties	242,390
Management fees - related party	211,728
Professional fees	56,605
Regulatory fees	52,705
Communications	12,416
Other expenses	18,181
	<hr/>
Total Expenses	\$ 2,476,789
	<hr/>
Net income before provision for income taxes	226,556
Current income taxes - state	-
	<hr/>
Net Income	\$ 226,556
	<hr/> <hr/>

See Notes to Financial Statements.

D. H. HILL SECURITIES, LLLP
Statement of Changes in Partners' Capital
For Year Ended December 31, 2021

	General Partner's Capital	Limited Partner's Capital	Total
	<hr/>	<hr/>	<hr/>
Balance, December 31, 2020	\$ 4,711	\$ 108,541	\$ 113,252
Net income	<hr/> 4,531	<hr/> 222,025	<hr/> 226,556
Balance, December 31, 2021	<hr/> <hr/> \$ 9,242	<hr/> <hr/> \$ 330,566	<hr/> <hr/> \$ 339,808

See Notes to Financial Statements.

D. H. HILL SECURITIES, LLLP
Statement of Cash Flows
For Year Ended December 31, 2021

Cash flows from operating activities	
Net income	\$ 226,556
Adjustments to reconcile net income to net cash provided by operating activities	
Change in assets and liabilities	
Decrease in receivables	(261,844)
Increase in other receivables	(16,558)
Decrease in prepaid expenses	1,389
Increase in accounts payable and accrued expenses	19,529
Increase in commissions payable	296,739
	<hr/>
Net cash provided by operating activities	\$ 265,811
	<hr/>
Net increase in cash	265,811
Cash, beginning of year	116,263
	<hr/>
Cash, end of year	\$ 382,074
	<hr/> <hr/>

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:

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

See Notes to Financial Statements.

NOTE A – NATURE OF BUSINESS

Nature of Business

D.H. Hill Securities, LLLP (the “Partnership”), a Texas limited partnership, was formed in June 1996. The Partnership is a broker/dealer in securities registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA) and Securities Investor Protection Corporation (SIPC).

The Partnership is considered a Non-Covered Firm exempt from 17 C.F.R. § 240.15c3-3 relying on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5. The Partnership limits its business activities exclusively to mutual fund retailer on an application basis including 529 plans, broker selling life variable life insurance and annuities, private placements of securities, including oil and gas, broker selling investments in mortgages or other receivables and best-efforts underwriter.

The Partnership’s operations consist primarily of providing securities, insurance brokerage, and investment banking services to individuals located throughout the United States. The Partnership also provides administrative services to companies in the securities and energy industry.

The general partner of the Partnership is H & H Services, Inc. (General Partner). The General Partner has the authority to manage and control the business affairs of the Partnership.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with the U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Substantially all the Partnership’s financial asset and liability amounts reported in the statement of financial condition are short-term in nature and approximate fair value.

Revenue Recognition

Securities Commissions

Securities commissions are primarily related to the sale of various shares of unlisted real estate investment trusts and unlisted business development companies. The Partnership buys and sells securities on behalf of its customers. Each time a customer enters into a buy transaction, the Partnership charges a commission. Commissions and related expenses are recorded on the trade date (the date that the Partnership fills the trade order by finding and contracting with a counterparty and confirms the trade with the customer). The Partnership believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon and the risks and rewards of ownership have been transferred to/from the customer.

Insurance and Mutual Fund Commissions

The Partnership enters into arrangements with pooled investment vehicles (funds) to distribute shares to investors and insurance companies to issue variable annuity contracts. The Partnership may receive distribution fees and variable annuity fees paid by the funds and insurance companies upfront, over time, upon the investor's exit from the fund and annuity contracts (that is, a contingent deferred sales charge), or as a combination thereof. The Partnership believes that its performance obligation is the sale of securities or variable annuity contracts to investors and as such this is fulfilled on the trade date or variable annuity contract funding date. Any fixed amounts are recognized on the trade date and variable amounts are recognized to the extent it is probable that a significant revenue reversal will not occur once the uncertainty is resolved. For variable amounts, as the uncertainty is dependent on the value of the shares or annuity contracts at future points in time as well as the length of time the investor remains in the fund and annuity contracts, both of which are highly susceptible to factors outside the Partnership's influence, the Partnership does not believe it can overcome this constraint until the market value of the funds and annuity contracts and the investor activities are known, which are either monthly or quarterly. Distribution and annuity contract fees recognized in the current period are primarily related to performance obligations that have been satisfied in prior periods.

Investment Banking

The Company participates in the private placements of equity securities for business entities that want to raise funds through a sale of securities. Revenue is recognized on the trade date. The Company believes that the trade date is the appropriate point in time to recognize revenue as there are no significant actions that the Company needs to take subsequent to this date, and the issuer obtains the control and benefit of the offering amounts at that point. These amounts are considered variable consideration as the uncertainty is dependent on the achievement of certain levels of investment that have been reached as specified in the private placement memorandums, which is highly susceptible to factors outside the Company's influence. Revenues are recognized once it is probable that a significant reversal will not occur.

Administrative Services

The Partnership provides administrative services to companies in the securities industry. The Partnership believes that the performance obligation is satisfied when individually identifiable services are provided. Administrative services are generally billed and recognized either monthly or quarterly as they relate specifically to the services provided in that period, which are distinct from the services provided in other periods.

Income Taxes

Taxable income or loss of the Partnership is included in the income tax returns of the partners; therefore, no provision for federal income taxes has been made in the accompanying financial statements. The Partnership is subject to state franchise taxes.

As of December 31, 2021, open Federal tax years subject to examination include the tax years ended December 31, 2018, through December 31, 2020.

NOTE C – NET CAPITAL REQUIREMENTS

The Partnership is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, should not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2021, the Partnership had net capital of \$197,435, which was \$166,334 in excess of its required net capital of \$31,101. The Partnership's net capital ratio was 2.36 to 1.

NOTE D – RELATED PARTY TRANSACTIONS

The Partnership and two related parties (“Affiliates”) are under common control. The existence of that control creates operating results and financial position significantly different than if the Companies were autonomous. Transactions between the Partnership and the Affiliates were not consummated on terms equivalent to arm’s length transactions.

The Partnership has entered into an expense sharing agreement (“Agreement”) with the Affiliates. Under the Agreement, the Affiliates and the Partnership share certain combined administrative expenses. The Partnership is allocated one-third of such actual combined expenses incurred by the Affiliates on a monthly basis. The Partnership was allocated and paid the Affiliates \$242,390 under the Agreement during the year ended December 31, 2021. The Partnership also paid the Affiliates \$211,728 related to discretionary management fees during the year.

NOTE E - CONTINGENCIES

The Partnership's business subjects it to various claims, regulatory examinations, and other proceedings in the ordinary course of business. The Partnership currently has three arbitration claims filed against it. The nature of these claims is related to the Partnership's activities in the securities industry. The arbitrations seek an unspecified amount of damages. The Partnership, based in part upon the opinion of legal counsel, does not believe there is a likelihood of a significant unfavorable outcome in these matters. No provision has been made in the accompanying financial statements related to these matters; however, it is at least reasonably possible that the Partnership's estimate of its liability may change in the near term. The Partnership intends to vigorously defend itself against these actions; however, the ultimate outcome of these and any other actions against the Partnership could have an adverse impact on the financial condition, results of operations, or cash flows of the Partnership.

NOTE F – SUBSEQUENT EVENTS

Management has evaluated the Partnership's events and transactions that occurred subsequent to December 31, 2021, and through February 28, 2022, the date which the financial statements were available to be issued. There have been no material subsequent events that occurred during this period that would require disclosure in this report or would be required to be recognized in the financial statements as of December 31, 2021.

D. H. HILL SECURITIES, LLLP
Schedule I – Supplemental Information Pursuant to Rule 17a-5
December 31, 2021

Computation of Net Capital:

Total partners' capital qualified for net capital	\$ 339,808
Deductions and/or changes	
Non-allowable assets:	
Receivables	\$ 123,180
Other receivables	\$ 16,640
Prepaid expenses	\$ 2,553
Total deductions and/or changes	\$ 142,373
Net Capital	\$ 197,436
Aggregate indebtedness:	
Accounts Payable and accrued expenses	\$ 67,129
Commissions Payable	\$ 399,381
Total aggregate indebtedness	\$ 466,510
Computation of basic net capital requirement	
Minimum net capital required (greater of \$5,000 or 6 2/3% of aggregate indebtedness)	\$ 31,101
Net capital in excess of minimum requirement	\$ 166,334
Ratio of aggregate indebtedness to net capital	2.36

Reconciliation of Computation of Net Capital:

Net capital, as reported in the Partnership's Part IIA (unaudited FOCUS report)	\$ 150,988
Increase in partner's capital	\$ 8,703
Decrease in non-allowable other assets	\$ 447
Decrease in non-allowable receivables	\$ 37,297
Net capital as computed above	\$ 197,435

Statement regarding the Reserve Requirements and Possession or Control Requirements:

The Partnership is considered a Non-Covered Firm exempt from 17 C.F.R. § 240.15c3-3 relying on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5.

The Partnership limits its business activities exclusively effecting securities transactions via subscriptions on a subscription way basis where the funds are payable to the issuer or its agent and not to the Partnership; and participating in distributions of securities (other than firm commitment underwritings) in accordance with the requirements of paragraphs (a) or (b)(2) of Rule 15c2-4. The Partnership does not hold customer funds or securities. As a Non-Covered Firm, the Computation for Determination of Reserve Requirements and Information Relating to the Possession and Control Requirements are not required.

Statement Regarding Changes in Liabilities Subordinated to Claims of General Creditors:

No statement is required as no subordinated liabilities existed at any time during the year.

See accompanying report of independent registered public accounting firm.

PHILLIP V. GEORGE, PLLC
CERTIFIED PUBLIC ACCOUNTANT

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

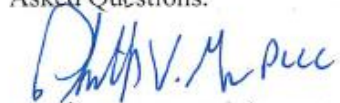
To the Partners
D.H. Hill Securities, LLLP

We have reviewed management's statements, included in the accompanying Rule 15c3-3 Exemption Report pursuant to SEC Rule 17a-5, in which (1) D.H. Hill Securities, LLLP (the Partnership) did not claim an exemption under paragraph (k) of 17 C.F.R. §240.15c3-3, and (2) the Partnership is filing this Exemption Report relying on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 because the Partnership limits its business activities exclusively to mutual fund retailer on an application basis including 529 plans, broker selling life variable life insurance and annuities, private placements of securities, including oil and gas, broker selling investments in mortgages or other receivables and best efforts underwriter. In addition, the Partnership did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers, other than money or other consideration received and promptly transmitted in compliance with paragraph (a) or (b)(2) of Rule 15c2-4 and/or funds received and promptly transmitted for effecting transactions via subscriptions on a subscription way basis where the funds are payable to the issuer or its agent and not to the Partnership; did not carry accounts of or for customers; and did not carry PAB accounts (as defined in Rule 15c3-3) throughout the most recent fiscal year without exception.

D.H. Hill Securities, LLLP 's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Partnership Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about D.H. Hill Securities, LLLP 's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based upon the Partnership's business activities contemplated by Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5, and related SEC Staff Frequently Asked Questions.



PHILLIP V. GEORGE, PLLC

Celeste, Texas
February 28, 2022]

1543 Green Oak
Place Suite 100
Kingwood, Texas
77339
832-644-1852

D. H. Hill Securities, LLLP's Exemption Report

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

(1) The Company does not claim an exemption under paragraph (k) of 17 C.F.R. § 240.15c3-3, and

(2) The Company is filing this Exemption Report relying on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5. The Company conducts the following business activities: (A) Mutual fund retailer on an application basis including 529 plans; (B) Broker selling variable life insurance and annuities; (C) Private placements of securities, including oil and gas; (D) Broker selling interests in mortgages or other receivables; (E) Best Efforts Underwriter. The Company (1) did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers, (other than money or other consideration received and promptly transmitted in compliance with paragraph (a) or (b)(2) of Rule 15c2-4 and/or funds received and promptly transmitted for effecting transactions via subscriptions on a subscription way basis where the funds are payable to the issuer or its agent and not to the Company); (2) did not carry accounts of or for customers; and (3) did not carry PAB accounts (as defined in Rule 15c3-3) throughout the most recent fiscal year without exception.

I, Dan H. Hill, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.



Financial Operations Officer
February 4, 2022