

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

ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2019 AND ENDING 12/31/2019  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **THE SECURITIES GROUP, LLC**

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

**6465 NORTH QUAIL HOLLOW, SUITE 400**

OFFICIAL USE ONLY

FIRM I.D. NO.

(No. and Street)

**MEMPHIS**

**TN**

**38120**

(City)

(State)

(Zip Code)

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

**CHRISTIE MICHELLE VINCENT**

**901-328-4814**

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

**WATKINS UIBERALL PLLC**

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

**1661 AARON BRENNER DRIVE, STE 300 MEMPHIS**

**TN**

**38130**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



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

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

## OATH OR AFFIRMATION

I, CHRISTIE MICHELLE VINCENT, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of THE SECURITIES GROUP, LLC, as of DECEMBER 31, 2019, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



My Comm. Expires  
July 31, 2022

Notary Public

Signature

PRESIDENT

Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) 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 Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**THE SECURITIES GROUP, LLC**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members  
of The Securities Group, LLC

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of The Securities Group, LLC as of December 31, 2019, the related statements of income, changes in members' equity, and cash flows for the year then ended, and the related notes and schedules (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of The Securities Group, LLC as of December 31, 2019, 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 The Securities Group, LLC's management. Our responsibility is to express an opinion on The Securities Group, LLC's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to The Securities Group, LLC 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 information on Schedules I, II, and III have been subjected to audit procedures performed in conjunction with the audit of The Securities Group, LLC's financial statements. The supplemental information is the responsibility of The Securities Group, LLC'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 is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Watkins Uiberall, PLLC*

We have served as The Securities Group, LLC's auditor since 2006.  
Memphis, Tennessee  
February 25, 2020

**THE SECURITIES GROUP, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2019**

<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 171,709
Accounts receivable, less allowance for doubtful accounts	35,033
Other assets	2,504
Total Current Assets	<u>209,246</u>
Property and Equipment:	
Office furnishings and equipment	21,669
Less: accumulated depreciation	(19,067)
Total Property and Equipment	<u>2,602</u>
<b>Total Assets</b>	<b><u>\$ 211,848</u></b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>	
Current Liabilities:	
Accounts payable	\$ 18,558
Due to related party	763
Total Current Liabilities	<u>19,321</u>
Members' equity:	<u>192,527</u>
<b>Total Liabilites &amp; Members' Equity</b>	<b><u>\$ 211,848</u></b>

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

**THE SECURITIES GROUP, LLC**  
**STATEMENT OF INCOME AND CHANGES IN MEMBERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Revenues:**

Commissions	\$ 282,500
Interest income	28
Total Revenues	<u>282,528</u>

**Expenses:**

Administrative fees	16,661
Automobile	1,428
Computer & networking	13,386
Commissions	148,750
Depreciation	4,106
Guaranteed payments to members	21,000
Insurance	765
Taxes and licenses	14,142
Legal and professional	12,764
Rent	6,000
Telephone	1,934
Miscellaneous	2,770
Total Expenses	<u>243,706</u>

**Net Income** **38,822**

Members' equity, beginning of year 153,705

**Members' equity, end of year** **\$ 192,527**

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

**THE SECURITIES GROUP, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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Cash Flows Provided By Operating Activities:	
Net Income	\$ 38,822
Adjustment to Reconcile Net Income to Net Cash:	
Provided By Operating Activities:	
Depreciation	4,106
Change in Operating Assets and Liabilities:	
Increase (Decrease) in Cash and cash equivalents:	
Accounts receivable	(9,236)
Other assets	(310)
Accounts payable	2,072
Total adjustments	<u>(3,368)</u>
Net cash used provided by operating activities	35,454
Cash and cash equivalents at beginning of year	<u>136,255</u>
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 171,709</u></b>

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



**THE SECURITIES GROUP, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

The Securities Group, LLC (a Florida limited liability company, the “Company”) began operations on August 1, 2001 and is a registered securities broker and dealer operating in the United States of America. The company was organized to sell healthcare securities and shall have a perpetual existence unless terminated as provided in the *Operating Agreement*. The Company has a single class of members. Except as expressly provided in the *Operating Agreement*, no member shall be required under any circumstances to contribute or lend any money or property to the Company beyond their initial capital contribution.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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 amount of assets and liabilities and disclosures 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.

Revenue Recognition

Revenue from contracts with customers includes commission income and fees from selling healthcare securities on behalf of its customers through private placement offerings. The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgment is required to determine whether performance obligations are satisfied at a point in time or over time; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on the appropriate measure of the Company’s progress under the contract; and whether constraints on variable consideration should be applied due to uncertain future events. The Company believes that the performance obligation to recognize commission revenue is satisfied on the placement offering date because that is when the underlying purchaser is identified, the pricing is agreed upon and the risks and rewards of ownership have been transferred to/from the customer. Any additional commission revenue from offering extensions is recognized based on terms of each placement offering contract and the revenue can be reasonably estimated to be collected.

### Concentrations and Credit Risks

The Company's credit risks relate to cash and cash equivalents. The Company maintains cash balances at a bank. Accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate of \$250,000.

Two customers accounted for 84.07% of the Company's commission revenues for the year ended December 31, 2019.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with initial maturities of three months or less to be cash equivalents.

### Property and Equipment

Property and equipment are stated at cost. Depreciation is provided according to the straight line method over the estimated useful lives of 3 to 5 years.

### Income Taxes

No provision has been made for income taxes since the results of operations are included in the tax returns of the members.

### Date of Management's Review

The Company evaluated its December 31, 2019 financial statements for subsequent events through February 25, 2020, the date the financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

## **NOTE 2 – RELATED PARTY TRANSACTIONS**

The company rents office space, furniture and equipment for \$500 per month on a month-to-month basis from a company in which a member has an ownership interest. Total related party rent expense for the year ended December 31, 2019 was \$6,000. The company also makes monthly payments to this related company for accounting and administrative services which totaled \$9,161 for the year and had a related party payable of \$763 for the services at year end.

## **NOTE 3 – NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission (SEC) Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2019, the Company had net capital of \$152,044, which was \$147,044 in excess of its required net capital of \$5,000 and its percentage of aggregate indebtedness to net capital was 12.71%.

**NOTE 4 – POSSESSION OR CONTROL REQUIREMENTS**

The Company does not have any possession or control of customer funds or securities. There were no material inadequacies in the procedures followed in adhering to the exemption provisions of SEC Rule 15c3-3(k)(2)(i).

**NOTE 5 – RETIREMENT PLAN**

The Company sponsors a Simplified Employee Pension Plan under the provisions of section 408(k) of the Internal Revenue Code. The plan covers all employees who are at least 21 years of age and have performed at least three years of service. The company did not make any contributions to the plan for the year ended December 31, 2019.

## **SUPPLEMENTARY INFORMATION**



# THE SECURITIES GROUP, LLC

## SCHEDULE I - COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1

AS OF DECEMBER 31, 2019

Total Members' Equity	\$	192,527
Deductions: Non-allowable assets		
Accounts Receivable	35,033	
Other assets	2,504	
Property and Equipment, net	2,602	
Haircut amount on CD	344	(40,483)
Net Capital		152,044
Less: minimum dollars net capital requirement		(5,000)
Excess Net Capital	\$	147,044
Total Aggregate Indebtedness	\$	19,321
Percentage of Aggregate Indebtedness to Net Capital		12.71%
Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)		0%
Reconciliation with Company's computation (included in Part II of Form X-17A-5 as of December 31, 2019):		
Excess net capital, as reported in Company's Part II unaudited Focus Report	\$	147,044
Net audit adjustments		-
Net Capital per above	\$	147,044

There is no material difference between the preceding computation and the Company's corresponding unaudited Part II of Form X-17A-5 as amended as of December 31, 2019.

**THE SECURITIES GROUP, LLC**

**SCHEDULE II – COMPUTATION FOR DETERMINATION OF RESERVE  
REQUIREMENTS UNDER RULE 15C3-3 (EXEMPTION)**

**AS OF DECEMBER 31, 2019**

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**EXEMPTION PROVISIONS:**

The Securities Group, LLC has claimed an exemption from Rule 15c3-3 under section (k)(2)(i) in which the Company's business is limited to a business brokerage only selling healthcare securities. As such, the Company maintains no security accounts for any of its customers and promptly transmits all customer funds.

**THE SECURITIES GROUP, LLC**

**SCHEDULE III - INFORMATION FOR POSSESSION OR CONTROL  
REQUIREMENTS UNDER RULE 15C3-3 (EXEMPTION)**

**AS OF DECEMBER 31, 2019**

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**EXEMPTION PROVISIONS:**

The Securities Group, LLC has claimed an exemption from Rule 15c3-3 under section (k)(2)(i) in which the Company's business is limited to a business brokerage only selling healthcare securities. As such, the Company maintains no security accounts for any of its customers and promptly transmits all customer funds.



**Watkins Uiberall, PLLC**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members  
of The Securities Group, LLC

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) The Securities Group, LLC identified the following provisions of 17 C.F.R. §15c3-3(k) under which The Securities Group, LLC claimed an exemption from 17 C.F.R. §240.15c3-3: Provision (2)(i) (exemption provisions) and (2) The Securities Group, LLC stated that The Securities Group, LLC met the identified exemption provisions throughout the most recent fiscal year without exception. The Securities Group, LLC's management is responsible for compliance with the exemption provisions and its statements.

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

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Watkins Uiberall, PLLC*

Memphis, Tennessee  
February 25, 2020



**THE SECURITIES GROUP, LLC**

**EXEMPTION REPORT**

**AS OF DECEMBER 31, 2019**

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The Securities Group, LLC is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission. This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4).

The Company claims an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3(k)(2)(i):

- The Securities Group, LLC maintains no security accounts for any of its customers and promptly transmits all customer funds.

The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k)(2)(i) throughout the most recent fiscal year ending December 31, 2019.

I, Christie Michelle Vincent, swear that, to my best knowledge and belief, this Exemption Report is true and correct.

By: Christie Michelle Vincent

**Christie Michelle Vincent**  
**President**  
**The Securities Group, LLC**