

HWJ CAPITAL PARTNERS II, LLC

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2023

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

ANNUAL REPORTS
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PART III

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

FILING FOR THE PERIOD BEGINNING 01/01/2023 AND ENDING 12/31/2023
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: HWJ Capital Partners II, LLC

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.)

7400 North Federal Highway, Suite A5

(No. and Street)

Boca Raton

(City)

FL

(State)

33487

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Joseph Harch

(Name)

561 226 6199

(Area Code – Telephone Number)

jharch@harchcapital.com

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

Weisberg, Mole', Krantz & Goldfarb, LLP

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

185 Crossways Park Drive

(Address)

Woodbury

(City)

NY

(State)

11797

(Zip Code)

12-14-2004

(Date of Registration with PCAOB)(if applicable)

2107

(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, Joseph Harch, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of HWJ Capital Partners II, LLC, as of 12/31, 2023, 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.

Rose-ell M. Calderon
Notary Public



Signature: Joseph W. Harch

Title: Managing Member

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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Weisberg, Molé, Krantz & Goldfarb, LLP
Certified Public Accountants

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Managing Member of
HWJ Capital Partners II, LLC

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of HWJ Capital Partners II, LLC (the "Company") as of December 31, 2023, and the related statements of operations, changes in member's 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 Company as of December 31, 2023, 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 Company's management. Our responsibility is to express an opinion on the Company'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 Company 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.

Supplemental Information

The supplemental information (Schedule I - Computation of Net Capital Pursuant to Uniform Net Capital Rule 15c3-1 of the Securities and Exchange Commission and Schedule II and III - Statement Regarding Rule 15c3-3 of the Securities and Exchange Commission) (the "supplemental information") has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company'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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Weisberg, Molé, Krantz & Goldfarb, LLP

We have served as the Company's auditor since 2024.

Woodbury, New York
February 15, 2024

HWJ Capital Partners II, LLC
Statement of Financial Condition
December 31, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$	106,319
Receivable from clearing organization		81,854
Deposit with clearing organization		50,000
Accounts receivable from related party		20,340
Prepaid expenses		<u>1,193</u>
Total current assets		259,706

Deposit with FINRA		<u>166</u>
Total assets	\$	<u>259,872</u>

LIABILITIES AND MEMBERS' EQUITY

Current liabilities:

Accounts payable and accrued expenses	\$	<u>8,198</u>
Total current liabilities		<u>8,198</u>

Commitments and contingencies (See Note 5)

Members' equity	\$	<u>251,674</u>
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Total liabilities and members' equity	\$	<u>259,872</u>
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See accompanying notes to financial statements.

HWJ Capital Partners II, LLC
Statement of Operations
For the Year Ended December 31, 2023

Revenues:

Fees for investment advisory services	\$ 60,000
Total revenues	<u>60,000</u>

Expenses:

Professional fees	30,200
Clearing charges	12,588
Office sharing expense	3,936
Regulatory fees	2,568
Fidelity bond and SIPC expense	556
Other	<u>225</u>
Total expenses	<u>50,074</u>

Net income	<u>\$ 9,926</u>
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See accompanying notes to financial statements.

HWJ Capital Partners II, LLC
Statement of Members' Equity
For the Year Ended December 31, 2023

	<u>Members' Equity</u>
Balance, December 31, 2022	\$ 241,748
Net income	<u>9,926</u>
Balance, December 31, 2023	<u>\$ 251,674</u>

See accompanying notes to financial statements.

HWJ Capital Partners II, LLC
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash flows from operating activities:	
Net income	\$ 9,926
Changes in operating assets and liabilities:	
Related party receivable	(640)
Prepaid expenses	474
Deposits	268
Accounts payable and accrued expenses	(2,136)
Net cash provided by operating activities	<u>\$ 7,892</u>
Net change in cash and cash equivalents	\$ 7,892
Cash and cash equivalents, beginning of year	<u>\$ 98,427</u>
Cash and cash equivalents, end of year	<u><u>\$ 106,319</u></u>

See accompanying notes to financial statements.

HWJ CAPITAL PARTNERS II, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS

HWJ Capital Partners II, LLC (the “Company”) (a Florida Limited Liability Company) is a broker-dealer located in Boca Raton, Florida. The Company is registered with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company prepares its financial statements 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 the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

The Company considers all highly liquid debt instruments with original maturities of three months or less when acquired to be cash equivalents.

Revenue Recognition – Investment Advisory Fees

The Company entered into a fee sharing agreement with a related party for fees on specific investor accounts (see Note 4). Revenue for investment advisory fees is recognized as work is performed and amounts are earned.

Income Taxes

The Company is not a taxpaying entity for federal income tax purposes therefore, no federal income tax expense has been recorded in the financial statements. Taxable results are passed through to the members of the Company. All current and future tax assessments are attributable to those members, and there is no income tax expense reflected in the statement of operations. There are no tax penalties recognized this year. The financial statements remain subject to U.S federal tax examination for tax years 2020-2022.

Accounts receivable from Related parties

Accounts receivable are stated at the amount settled with the Company's related parties. Payments of accounts receivable are remitted quarterly by the related parties. The Company considers accounts receivable to be substantially all collectible. Accordingly, management believes that an allowance for doubtful accounts is not required at December 31, 2023.

NOTE 3 – NET CAPITAL REQUIREMENT

The Company, as a registered broker-dealer and as a member of FINRA, must comply with the Net Capital rule of the Securities and Exchange Commission. The Company had a capital requirement of the greater of \$100,000 or 6 2/3% of aggregate indebtedness. As of May 2022, the Company applied for and was granted a reduction and needs to maintain minimum net capital of \$5,000. The Company had net capital as computed under Rule 15c3-1 of \$229,975, which is above the \$5,000 amount required to be maintained at December 31, 2023. The ratio of aggregate indebtedness to net capital is .00356.

NOTE 4 – RELATED PARTIES

The Company's members also own Harch Capital Management, LLC ("HCM") (a Florida Limited Liability Company). HCM provides the use of employees, office space, secretarial and services to the Company in accordance with an office sharing agreement. The Company's office sharing expenses were \$3,936 for the year ended December 31, 2023 of which \$311 was paid for rent. The agreement is for a period of twelve months and shall be extended for successive one-year periods unless canceled by either party, in writing, upon thirty days' prior written notice.

Operating results of the Company might be significantly different if the companies were autonomous. The Company was owed \$5,290 from HCM, net, as of December 31, 2023.

As per the agreement, HCM pays the Company \$15,000 quarterly. The term of this Agreement shall be perpetual unless earlier terminated in writing by both HCM and the Company.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Company maintains a Fully Disclosed Clearing Agreement (the "Agreement") with Axos Clearing, LLC (previously named COR Clearing, LLC.) The initial term of the Agreement was effective through May 6, 2013, and calls for automatic renewals for successive periods equal to the initial term unless terminated by either party within ninety (90) days prior to the expiration of the initial or renewal term. Under the Agreement, early termination fees apply, including the monthly fees due on the remaining term of the Agreement. Refer to Note 3 with respect to FINRA Regulatory requirements. The Company has a clearing agreement with Axos Clearing, LLC and is required to maintain a minimum deposit of \$50,000. As of December 31, 2023, the balance with Axos Clearing, LLC is \$50,000. As of December 31, 2023, there is a receivable from Axos Clearing of \$81,854.

NOTE 6 – CONCENTRATION OF CREDIT RISK

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

The Company maintains a bank account at one financial institution of which the balance is insured by the Federal Deposit Corporation ("FDIC") up to \$250,000. The Company also maintains accounts held at a brokerage firm of which the balance is insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000 for securities and \$250,000 for cash and cash equivalents.

All of the Company's revenues are earned from the Investment Fee Sharing Agreement with HCM. Refer to Note 4 with respect to related parties.

NOTE 7 – SUBSEQUENT EVENTS

The Company evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through the date the financial statements were issued.

SUPPLEMENTARY INFORMATION

HWJ Capital Partners II, LLC**Schedule I - Computation and Reconciliation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission****December 31, 2023**

Net capital:

Total members' equity	\$	251,674
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Non-allowable assets:

Central Registry Depository (CRD) Deposit	(166)
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Prepaid expenses	(1,193)
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Accounts receivable from related party	(20,340)
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Total non-allowable assets	(21,699)
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Haircuts on securities	-
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Total net capital	229,975
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Minimum net capital required - 6 2/3% of aggregate
indebtedness included in the balance sheet or
\$5,000 whichever is greater

5,000

Excess net capital

224,975

Aggregate indebtedness as included in the
Statement of Financial Condition

8,198

Ratio of aggregate indebtedness to net capital

0.0356

There are no material differences between the computation of net capital per the FOCUS report at December 31, 2023 as compared to the computation of net capital as shown above.

HWJ CAPITAL PARTNERS II, LLC
OTHER INFORMATION
DECEMBER 31, 2023

Schedule II – Statement of Exemption from the Computation for Determination of the Reserve Requirements and Information Relating to Possession or Control Requirements Under Rule 15c3-3 of the Securities and Exchange Commission:

The Company operates under the exemptive provisions of paragraph (k)(2)(ii) of SEC Rule 15c3-3 and did not maintain possession or control of any customer funds or securities at December 31, 2023 or for the year then ended.



Weisberg, Molé, Krantz & Goldfarb, LLP
Certified Public Accountants

Report of Independent Registered Public Accounting Firm

To The Members of
HWJ Capital Partners II, LLC

We have reviewed management's statements, included in the accompanying Statement of Exemption From SEC Rule 15c3-3, in which (1) HWJ Capital Partner II, LLC (the "Company") identified the following provisions of 17 C.F.R. § 15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3: ((2) (ii)) (the "exemption provisions") and (2) the Company stated that the Company met the identified exemption provisions throughout the most recent fiscal year without exception. The Company's management is responsible for compliance with the exemption provisions and its statements.

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

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

Weisberg, Molé, Krantz & Goldfarb, LLP

Woodbury, New York
February 15, 2024

HWJ CAPITAL PARTNERS II, LLC
EXEMPTION REPORT
DECEMBER 31, 2023

HWJ Capital Partners II, LLC 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 claimed an exemption from 17 C.F.R. §240.15c3-3 under the following provisions of 17 C.F.R. §240.15c3-3 (k)(2)(ii)
2. The Company met the identified exemption provisions of 17 C.F.R. §240.15c3-3 (k)(2)(ii) throughout the most recent fiscal year without exception.

HWJ Capital Partners II, LLC

I, Joseph W. Harch, affirm that, to the best of my knowledge and belief, this Exemption Report is true and correct.

By: Joseph W. Harch

Title: Managing Member

Dated: February 15, 2024