

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

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

OMB APPROVAL	
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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 01/01/2018 AND ENDING 12/31/2018  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Parkman Whaling Securities LLC

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

600 Travis Street, STE 600

OFFICIAL USE ONLY

FIRM I.D. NO.

(No. and Street)

Houston

TX

77002

(City)

(State)

(Zip Code)

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

Thomas Hensley

713-333-8400

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Harper & Pearson Company, P.C.

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

One Riverway, STE 1900

Houston

TX

77056

(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

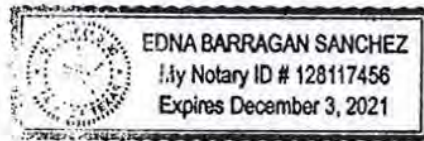
I, Thomas Hensley, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Parkman Whaling Securities LLC, as of December 31, 2018, are true and correct. I further swear (or affirm) that neither the company 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:

  
Signature

Chief Financial Officer

Title

  
Notary Public



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

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (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).**

PARKMAN WHALING SECURITIES LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors of  
Parkman Whaling Securities LLC

**Opinion on the Financial Statements**

We have audited the accompanying balance sheet of Parkman Whaling Securities LLC as of December 31, 2018, the related statements of income, changes in member's equity 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 Parkman Whaling Securities LLC as of December 31, 2018, 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 Parkman Whaling Securities LLC's management. Our responsibility is to express an opinion on Parkman Whaling Securities 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 Parkman Whaling Securities 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 Computation of Net Capital Under Rule 15c3-1 of the Securities Exchange Commission and the Computation for Determination of Reserve Requirements and Information Relating to Possession or Control of Securities Under Rule 15c3-3 of the Securities Exchange Commission have been subjected to audit procedures performed in conjunction with the audit of Parkman Whaling Securities LLC's financial statements. The supplemental information is the responsibility of Parkman Whaling Securities 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.

*Harper & Pearson Company, P.C.*

We have served as Parkman Whaling Securities LLC's auditor since 2008.

Houston, Texas

February 25, 2019

**PARKMAN WHALING SECURITIES LLC**  
**BALANCE SHEET**  
**DECEMBER 31, 2018**

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**ASSETS**

Cash and cash equivalents	\$ 36,643
Prepaid expenses - other	<u>7,190</u>
 TOTAL ASSETS	 <u><u>\$ 43,833</u></u>

**LIABILITIES AND MEMBER'S EQUITY**

Accounts payable	\$ -
 MEMBER'S EQUITY	 <u>43,833</u>
 TOTAL LIABILITIES AND MEMBER'S EQUITY	 <u><u>\$ 43,833</u></u>

See accompanying notes.



**PARKMAN WHALING SECURITIES LLC**  
**STATEMENT OF INCOME AND MEMBER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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REVENUES:

Investment banking revenue	\$	-
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EXPENSES:

Office and administrative services fee - Member		660,000
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Office license fee - Member		144,000
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Professional fees		68,600
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Registration fees		12,785
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Other administrative fees		950
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TOTAL EXPENSES		886,335
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NET LOSS		(886,335)
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Member's equity, beginning of year		70,168
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Capital Contribution		860,000
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Member's equity, end of year	\$	43,833
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See accompanying notes.

**PARKMAN WHALING SECURITIES LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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CASH FLOWS FROM OPERATING ACTIVITIES

Cash paid for administrative fees and expenses	\$ (82,570)
Net cash used in operating activities	<u>(82,570)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Contribution from Member	<u>80,000</u>
Net cash provided by financing activities	<u>80,000</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (2,570)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 39,213

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 36,643

RECONCILIATION OF NET LOSS TO NET CASH USED  
IN OPERATING ACTIVITIES

Net loss	\$ (886,335)
Non-cash contributions	\$ 780,000
Change in operating assets and liabilities:	
Decrease in prepaid expenses	23,788
Decrease in accounts payable	<u>(23)</u>

Net cash used in operating activities \$ (82,570)

See accompanying notes.



**NOTE A BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Parkman Whaling Securities LLC (the "Company") is a Texas limited liability company, formed on June 19, 2008. The Company is located in Houston Texas and is a wholly-owned subsidiary of Parkman Whaling LLC (the "Member"). The Company's revenues are derived primarily from underwriting and advisory services. The Company is a registered broker-dealer with the Securities and Exchange Commission and is a member of Financial Industry Regulatory Authority (FINRA). The Company has claimed an exemption from the Securities and Exchange Commission's (SEC) Rule 15c3-3 under section (K)(2)(i).

The following is a summary of significant accounting policies consistently followed by the Company.

Revenue Recognition – Investment banking fees are recorded in accordance with the terms of the respective contract when the service is complete and the revenue is reasonably determinable. Securities related transactions are recognized when transactions close and receivables are recorded at that time.

In 2014, Financial Accounting Standards Board issued ASC 606, Revenue from Contracts with Customers, which superseded nearly all existing revenue recognition guidance under GAAP. The core principle of this standard is that revenue should be recognized for the amount of consideration expected to be received for promised goods or services transferred to customers. This standard was effective for the Company for the annual reporting period beginning January 1, 2018. The Company has evaluated the new guidance and the adoption did not have an impact on the Company's financial statements and a cumulative effect adjustment under the modified retrospective method of adoption was not necessary.

Estimates – The preparation of accrual basis financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires the Company 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.

Statement Presentation – The unclassified balance sheet is presented in accordance with industry standards.

Cash and Cash Equivalents – The Company considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Income Taxes – The Company's income, losses, and tax credits will be included in the income tax return of the Member. Accordingly, the Company does not record a provision for federal income taxes. Texas margin tax is accrued and included as a component of management fee and administrative expense. For the year ended December 31, 2018, the Company had no margin tax expense.

The Company believes that all significant tax positions utilized by the Company will more likely than not be sustained upon examination. As of December 31, 2018, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2015 forward (with limited exceptions). Tax penalties and interest, if any, would be accrued as incurred and would be classified as tax expenses in the statement of income and member's equity.

2.           AGREEMENTS AND COMMITMENTS

The Company entered into an office and administrative services agreement with Parkman Whaling LLC whereby Parkman Whaling LLC provides administrative and operational services, facilities, furniture and pays overhead expenses of the Company. The Company also entered into an office license agreement to utilize office space for a monthly rent allocation of \$12,000.

Office and administrative services and office license fees for 2018 were \$804,000. Parkman Whaling LLC contributed capital to the Company in the amount of \$860,000, comprised of cash of \$80,000 and \$780,000 for fees related to office administrative and operational services and office license fees, respectively, during the year ended December 31, 2018.

3.           NET CAPITAL REQUIREMENTS

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate daily.

At December 31, 2018 the Company had net capital of \$36,643 and a net capital requirement of \$5,000. The Company's ratio of aggregate indebtedness to net capital was .00 to 1 at December 31, 2018. The Securities and Exchange Commission permits a ratio of aggregate indebtedness to net capital for the Company of no greater than 15 to 1.

4.           CONCENTRATIONS AND CREDIT RISK

The Company's bank balance, which was \$36,643 at December 31, 2018, is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. It is the Company's practice to utilize high net worth financial institutions to minimize its credit risk.

Generally, no collateral or other security is required to support trade receivables.

5.           SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 25, 2019, the date the financial statements were available to be issued.

On January 1, 2019 and February 1, 2019, Parkman Whaling LLC, being the sole member of Parkman Whaling Securities LLC made equity capital contributions to the Company, which comprised the Service Fee and Office License Fee payable to Parkman Whaling LLC for the months of January 2019 and February 2019, in the collective amount of \$60,000 per month. The capital contributions were deemed equity capital and not a loan, subordinated or otherwise.

No other subsequent events occurred, which require adjustment or disclosure to the financial statements at December 31, 2018.

**PARKMAN WHALING SECURITIES LLC**  
**SCHEDULE I**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2018**

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NET CAPITAL	
Total member's equity qualified for net capital	\$ 43,833
Deductions and/or charges	
Nonallowable assets:	
Prepaid expenses	<u>7,190</u>
Net capital	<u>\$ 36,643</u>
COMPUTATION ON BASIC NET CAPITAL REQUIREMENTS	
Minimum net capital required (6 2/3% of total aggregate indebtedness)	<u>\$ -</u>
Minimum dollar net capital requirement	<u>\$ 5,000</u>
Net capital requirement (greater of above two minimum requirement amounts)	<u>\$ 5,000</u>
Excess net capital	<u>\$ 31,643</u>
Ratio: Aggregate indebtedness to net capital	<u>.00 to 1</u>

Note: The above computation does not differ materially from the computation of net capital under Rule 15c3-1 as of December 31, 2018, filed with the Securities and Exchange Commission by the Company on Part IIA of Form X-17a-5.

See report of independent registered public accounting firm.

**PARKMAN WHALING SECURITIES LLC**  
**SCHEDULE II**  
**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS**  
**AND INFORMATION RELATING TO POSSESSION OR CONTROL OF SECURITIES**  
**UNDER RULE 15C3-3 OF THE SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2018**

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Exemption Provisions

The Company has claimed an exemption from Rule 15c3-3 under Section (k)(2)(i), in which a "Special Account for the Exclusive Benefit of Customers" is maintained.

See report of independent registered public accounting firm.





**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors of  
Parkman Whaling Securities LLC

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

*Harper & Pearson Company, P.C.*

Houston, Texas  
February 25, 2019

# PARKMAN WHALING SECURITIES LLC

## **Parkman Whaling Securities LLC Assertions**

**Parkman Whaling Securities LLC** (the "Company") 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)(i)
- (2) The Company met the identified exemption provision in 17 C.F.R. § 240.15c3-3(k)(2)(i) throughout the most recent fiscal year without exception

## **Parkman Whaling Securities LLC**

I, Thomas B. Hensley, Jr., swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

  
Thomas B. Hensley, Jr. CFO

February 7, 2019