

# WallachBeth Capital, LLC

(SEC I.D. NO. 8-67936)

FINANCIAL STATEMENT  
AS AT DECEMBER 31, 2022  
AND  
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

\*\*\*\*\*

Filed pursuant to Rule 17a-5(e)(3)  
under the Securities Exchange Act of 1934  
as a PUBLIC DOCUMENT.

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

ANNUAL REPORTS  
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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 01/01/22 AND ENDING 12/31/22  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: WallachBeth Capital 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.)

1001 Yamato Road, Suite 404

(No. and Street)

Boca Raton

FL

33431

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Charles Oh

646-998-7610

coh@wallachbeth.com

(Name)

(Area Code – Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing\*

Gettry Marcus CPA, P.C.

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

88 Froehlich Farm Blvd, 3rd Floor Woodbury

NY

11797

(Address)

(City)

(State)

(Zip Code)

12/17/2009

4034

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

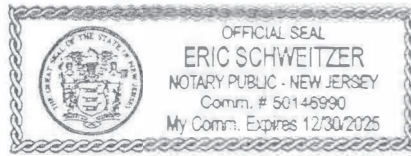
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\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), 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, Michael Wallach, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of WallachBeth Capital LLC, as of 12/31, 2022, 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.



Signature: [Signature]

Title: CEO

### 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.

## WALLACHBETH CAPITAL, LLC

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December 31, 2022

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of  
WallachBeth Capital, LLC  
Boca Raton, FL

### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of WallachBeth Capital, LLC as of December 31, 2022, and the related notes (collectively referred to as the “financial statement”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of WallachBeth Capital, LLC as of December 31, 2022 in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

This financial statement is the responsibility of WallachBeth Capital, LLC’s management. Our responsibility is to express an opinion on WallachBeth Capital, LLC’s financial statement 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 WallachBeth Capital, 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 statement is 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 statement, 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.



Gettry Marcus CPA, P.C.

We have served as WallachBeth Capital, LLC’s auditor since 2022.

Woodbury, NY  
February 27, 2023

**WALLACHBETH CAPITAL, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**AS AT DECEMBER 31, 2022**

**ASSETS**

Cash and cash equivalents	\$ 2,860,973
Due from clearing brokers	1,493,093
Commissions receivable	1,898,077
Securities owned, at fair value	2,904,767
Furniture and fixtures, net of accumulated depreciation of \$818,159	41,581
Operating lease ROU, net of accumulated amortization of \$1,226,823	2,424,735
Other assets	1,007,627
Total assets	\$ 12,630,853

**LIABILITIES AND MEMBER'S EQUITY**

**Liabilities**

Accounts payable and accrued expenses	\$ 1,671,266
Operating lease liability	2,803,216
Unearned Income	871,200
Total liabilities	5,345,682

**Member's Equity**

Member's equity	7,285,171
Total liabilities and member's equity	\$ 12,630,853

The accompanying notes are an integral part of this financial statement

**WALLACHBETH CAPITAL, LLC**  
**NOTES TO FINANCIAL STATEMENT**  
**AS AT DECEMBER 31, 2022**

**Note 1 - ORGANIZATION**

WallachBeth Capital, LLC (The "Company") is a Limited Liability Company organized in New York State in May 2008. The Company is registered as a broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is also registered as an Introducing Broker with the Commodity Futures Trading Commission and is a Member of the National Futures Association ("NFA"). The Company is an "inter-market-broker" specializing in exchange-listed equity options and index products ETFs, equities and non-U.S equities. The Company operates on a fully-disclosed, agency only basis. The Company is a 100% wholly owned subsidiary of WallachBeth Holdings, LLC (the "Parent").

The Company operates under the provisions of Paragraph (k)(2) (ii) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provision of this rule. Essentially, the requirements of Paragraph (k)(2) (ii) provide that the Company clears all transactions on behalf of customers on a fully disclosed basis with a clearing broker/dealer, and promptly transmits all customer funds and securities to the clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers and maintains all related books and records as customarily kept by a clearing broker/dealer.

**Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP").

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

**WALLACHBETH CAPITAL, LLC**  
**NOTES TO FINANCIAL STATEMENT**  
**AS AT DECEMBER 31, 2022**

**Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash and Cash Equivalents**

The Company defines cash equivalents as highly liquid investments, with original maturities of three months or less, which are not held for sale in the ordinary course of business.

The Company has multiple sweep investment accounts with the money market funds investing in US treasuries. As at December 31, 2022, the money market funds totaled approximately \$2,513,000 and have been classified as cash equivalents in the accompanying financial statements.

The Company maintains cash balances at a financial institution which is insured, in the aggregate, by the Federal Deposit Insurance Corporation ("FDIC"), for up to \$250,000. Cash in excess of insured amounts approximated \$98,000 at December 31, 2022. The Company also maintains money market fund balances at a financial institution which is insured, in the aggregate, by the Securities Investor Protection Corporation ("SIPC"), for up to \$500,000. Balances in excess of insured amounts approximated \$2,013,000 at December 31, 2022. The Company has not experienced any loss in these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

**Commissions Receivable, Allowance for Doubtful Accounts**

The Company extends unsecured credit in the normal course of business to its clients. The determination of the amount of uncollectible accounts is based on the amount of credit extended and the length of time each receivable has been outstanding. The allowance for uncollectible amounts reflects the amount of loss that can be reasonably estimated by management. As of December 31, 2022, the Company has not recorded an allowance for any potential non-collection as all receivables are deemed collectible.

**Depreciation**

Furniture and fixtures are being depreciated over their estimated useful lives (1-7 years).

**WALLACHBETH CAPITAL, LLC**  
**NOTES TO FINANCIAL STATEMENT**  
**AS AT DECEMBER 31, 2022**

**Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Long-Lived Assets**

The Company evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. When assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less the costs to sell.

**Due from Clearing Brokers**

The clearing and depository operations for the Company's securities transactions are provided by brokers. At December 31, 2022, all of the securities owned and the majority of the amounts due from brokers reflected in the Statement of Financial Condition is held with its clearing brokers. Subject to the clearing agreement between the Company and these clearing brokers, the clearing brokers have a lien and right of off-set against all amounts deposited and held in those accounts.

**Grow New Jersey Tax Credit**

The Company was approved for up to \$3,712,500 of Grow New Jersey Assistance Act Tax Credit over a 10 year period starting tax year 2017. The Company is required to apply for the annual Grow New Jersey Assistance Act Tax Credit Certificate and the New Jersey Economic Development Authority reviews and approves the amount of the tax credit as having met all of the requirements of the Grow New Jersey Assistance Act Tax Credit Program.

Under the term of the agreement, the Company is required to comply with the program for an additional 5 years after the 10 years eligibility period. Accordingly, the Company has an unearned income balance of approximately \$871,000 at December 31, 2022 representing the future income yet to be recognized by the Company from the previous sale of the tax certificates.

**WALLACHBETH CAPITAL, LLC**  
**NOTES TO FINANCIAL STATEMENT**  
**AS AT DECEMBER 31, 2022**

**Note 3 - FAIR VALUE MEASUREMENT**

**Securities Owned**

Proprietary securities transactions in regular-way trades are recorded on trade date. Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a trade date basis.

Securities are recorded at fair value, in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*.

**Fair Value of Financial Instruments**

Substantially all of the Company's financial instruments are recorded at fair value or contract amounts that approximate fair value. The carrying amounts of the Company's financial instruments, which include cash and cash equivalents, due from clearing broker, commissions receivable, accounts payable, commissions payable, accrued expenses, and operating lease liability, approximate their fair values.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Fair values derived from unadjusted quoted prices of identical assets in active markets.

Level 2 - Fair values derived from quoted prices of similar assets in active markets, quoted prices for identical or similar assets in markets that are not active and model driven valuations in which all significant participant inputs are observable in active markets.

Level 3 - Fair values derived from inputs which are not observable in markets.

The following table presents the Company's fair value hierarchy for those assets valued at fair value as of December 31, 2022:

**WALLACHBETH CAPITAL, LLC**  
**NOTES TO FINANCIAL STATEMENT**  
**AS AT DECEMBER 31, 2022**

**Note 3 - FAIR VALUE MEASUREMENT (continued)**

Fair Value Measurements Using

		Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Total</u>			
Equity Securities	\$11,780	\$11,780	\$ -	\$ -
U.S. Treasury Notes	2,889,490	2,889,490		
Warrants Securities	3,497	3,160	-	337
Total	<u>\$2,904,767</u>	<u>\$2,904,430</u>	<u>\$ -</u>	<u>\$337</u>

The Company's investments are valued using Level 1 inputs and Level 3 inputs and consist of common stocks and warrants. The fair value of the common stocks is based on quoted prices in active markets and the fair value of the stock warrants is determined by using the Black-Scholes model or similar valuation techniques. Valuation inputs used in the Black-Scholes model include observable inputs such as interest rate, expected term and market price of the underlying stock, in addition to unobservable inputs such as stock volatility.

For the year ended December 31, 2022, the principal assumptions used in applying the Black-Scholes valuation model were as follows:

Life of warrant	0 years to 1.7 years
Risk free interest rate	4.31 % to 4.79 %
Volatility of underlying stock	106 % to 225 %
Dividend assumption	\$0

The following table presents a reconciliation of the beginning and ending balances of fair value measurements using significant unobservable inputs (Level 3) for the year ended December 31, 2022.

	<u>Warrants</u>
Balance, January 1, 2022	\$ 174,749
Securities received for services	661,130
Distributed	(807,914)
Unrealized loss	(27,628)
Balance, December 31, 2022	<u>\$ 337</u>

**WALLACHBETH CAPITAL, LLC**  
**NOTES TO FINANCIAL STATEMENT**  
**AS AT DECEMBER 31, 2022**

**Note 4 - PENSION PLANS**

The Company has a 401 (k) Plan ("Plan") to provide retirement and incidental benefits for its employees. Employees may contribute up to 100% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Company makes a Safe Harbor contribution equal to 3% of compensation. Safe Harbor contributions vest immediately. In addition, the Plan provides for discretionary profit sharing contributions as determined by management. Such contributions to the Plan are allocated among eligible participants in proportion of their salaries to the total salaries of all participants. Total contributions to the Plan amounted to approximately \$478,000 for the year ended December 31, 2022.

**Note 5 - OPERATING LEASE RIGHT OF USE ASSETS AND LEASE LIABILITIES**

On December 29, 2016, the Company signed its operating lease for its headquarters in Jersey City, New Jersey, effective August 1, 2017, for 10 years and 8 months with an option to extend the lease for an additional 5 years term at the end of lease term. The initial lease rate was \$41,193 per month with escalating payments.

In addition, on May 4, 2021, the Company signed its operating lease for its new headquarters in Boca Raton, Florida, effective February 4, 2022, for 5 years and 5 months with 2 options to extend the lease at the end of lease term for an additional 3 years each. The initial lease rate is \$4,785 per month with escalating payments.

For the Jersey City office, as of January 1, 2019, the Company has recognized a ROU asset of approximately \$3,390,000 and a liability of \$3,731,000 and eliminated deferred rent of \$790,000. The Company determined the lease liabilities using the Company's estimated incremental borrowing rate of 7.00% to estimate the present value of the remaining monthly lease payments. For the Boca Raton office, as of February 4, 2022, the Company has recognized a ROU asset of approximately \$262,000 and a liability of \$252,000. The Company determined the lease liabilities using the Company's estimated incremental borrowing rate of 5.75% to estimate the present value of the remaining monthly lease payments.

As of December 31, 2022, the Company had a ROU asset of approximately \$2,425,000 and a liability of \$2,803,000.

**WALLACHBETH CAPITAL, LLC**  
**NOTES TO FINANCIAL STATEMENT**  
**AS AT DECEMBER 31, 2022**

**Note 5 - OPERATING LEASE RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)**

Remaining lease term and discount rate for operating lease is as follows:

	December 31, 2022	
	Jersey City Office	Boca Raton Office
Remaining lease term	5 years and 3 months	4 years and 7 months
Discount rate	7.00%	5.75%

Maturity of lease liabilities as of December 31, 2022 for operating lease is as follows:

	Amount
Year 2023	\$ 615,000
Year 2024	630,000
Year 2025	647,000
Year 2026	663,000
Year 2027	647,000
Thereafter	154,000
Total lease payments	3,356,000
Less interest	(553,000)
Present value of lease liabilities	\$ 2,803,000

Future minimum rental payments as of December 31, 2022 for operating leases is as follows:

	Amount
Year 2023	\$ 589,000
Year 2024	630,000
Year 2025	647,000
Year 2026	663,000
Year 2027	647,000
Thereafter	154,000
Total lease payments	\$ 3,330,000

**WALLACHBETH CAPITAL, LLC**  
**NOTES TO FINANCIAL STATEMENT**  
**AS AT DECEMBER 31, 2022**

**Note 6 - SUBSEQUENT EVENTS**

The Company has evaluated events and transactions that occurred through February 27, 2023, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

**Note 7 - 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 policy to review, as necessary, the credit standing of each counterparty.

**Note 8 - GUARANTEES**

**Indemnifications**

In the normal course of its business, the Company indemnifies and guarantees its clearing broker against specified potential losses in connection with their acting as an agent of, providing services to the Company or its affiliates. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. The Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

**Exchange Member Guarantees**

The Company is a member of various exchanges that trade and clear securities or futures contracts or both. Associated with its memberships, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchange. Although the rules governing different exchange memberships may vary, in general the Company's guarantee obligations would arise only if the exchange had previously exhausted its resources. In addition, any such guarantee obligation would be apportioned among the other non-defaulting members of the exchange. Any potential contingent liability under these membership agreements cannot be estimated. The Company has not recorded a contingent liability in the financial statements for these agreements and believes that any potential requirement to make payments under these agreements is remote.

**WALLACHBETH CAPITAL, LLC**  
**NOTES TO FINANCIAL STATEMENT**  
**AS AT DECEMBER 31, 2022**

**Note 8 – GUARANTEES (continued)**

**Litigation**

In the normal course of business, the Company may be involved in legal proceedings, claims and assessments arising from the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Currently there is no litigation against the Company.

**Note 9 - NET CAPITAL REQUIREMENTS**

The Company is subject to the Security and Exchange Commission Uniform Net Capital 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, 2022, the Company had Net Capital of \$4,807,000, which was \$4,613,000 in excess of its required net capital of \$195,000. The Company's net capital ratio was 61%.