

**EM SECURITIES LLC**

**FINANCIAL STATEMENT**

**AND**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**For the year ended September 30, 2018**

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 10/1/2017 AND ENDING 9/30/2018  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

EM Securities LLC

OFFICIAL USE ONLY

FIRM ID. NO.

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

405 Lexington Ave, 20<sup>th</sup> Floor

New York

NY

10174

(City)

(State)

(Zip Code)

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

Kathy Efrem

212-897-1686

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

WithumSmith+Brown, PC

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

200 JEFFERSON PARK, SUITE 400

Whippany

NJ

07981-1070

(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).

SEC 1410 (06-02)

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## AFFIRMATION

I, Robert Stanley, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to EM Securities LLC for the year ended September 30, 2018, are true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.

  
Signature

Chief Executive Officer  
Title

  
Notary Public

11/28/18

CARLY ROSENBERG  
Notary Public, State of New York  
Registration #02RO6290086  
Qualified In New York County  
Commission Expires Oct. 7, 20 21



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

- ☒ Report of Independent Registered Public Accounting Firm.
- ☒ Facing Page.
- ☒ Statement of Financial Condition.
- ☐ Statement of Operations.
- ☐ Statement of Changes in Members' Equity.
- ☐ Statement of Cash Flows.
- ☐ Statement of Changes in Liabilities Subordinated to Claims of General Creditors (not applicable).
- ☐ Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934.
- ☐ Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.
- ☐ Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 (not applicable).
- ☐ A Reconciliation, including appropriate explanations, of the Computation of Net Capital Pursuant to Rule 15c3-1 and the Computation for Determination of Reserve Requirements Under Rule 15c3-3 (included in item (g)).
- ☐ A Reconciliation Between the Audited and Unaudited Statements of Financial Condition With Respect to Methods of Consolidation (not applicable).
- ☒ An Oath or Affirmation.
- ☐ A copy of the SIPC Supplemental Report.
- ☐ A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Supplemental Report on Internal Control).
- ☐ Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5(g)(1).
- ☐ Independent Auditors' Report Regarding Rule 15c3-3 Exemption.
- ☐ Rule 15c3-3 Exemption Report

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



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Management and Member of  
EM Securities LLC:

### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition EM Securities LLC (the "Company"), as of September 30, 2018, 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 the Company as of September 30, 2018, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this 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 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 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 statement. 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 statement. We believe that our audit provides a reasonable basis for our opinion.

*WithumSmith+Brown, PC*

We have served as the Company's auditor since 2016

November 29, 2018

**EM SECURITIES LLC**

**STATEMENT OF FINANCIAL CONDITION**

**SEPTEMBER 30, 2018**

**ASSETS**

Cash	\$ 1,019,075
Accounts receivable, net	567,099
Investments	<u>750,000</u>
Total assets	<u><u>\$ 2,336,174</u></u>

**MEMBER'S EQUITY**

\$ 2,336,174

**The accompanying notes are an integral part of this financial statement.**

**EM SECURITIES LLC**  
**NOTES TO FINANCIAL STATEMENT**  
**SEPTEMBER 30, 2018**

NOTE 1. DESCRIPTION OF ORGANIZATION AND BUSINESS

EM Securities LLC (the “Company”) was formed for the purpose of providing broker dealer services including financial advisory services, underwriting and selling group participant, placement agent and similar services, and investing in securities. The Company is a broker dealer registered with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”). The Company is a wholly owned subsidiary of Evolution Media Capital LLC (“EMC”).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) which 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 amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Fair Value of Financial Instruments

The Company follows Financial Accounting Standards Board (“FASB”) guidance on Fair Value Measurements which defines fair value and establishes fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. The Company's Level 3 investments have been valued using unadjusted inputs that have not been internally developed by the Company, including third-party transactions and quotations. As a result, there were no unobservable inputs that have been internally developed by the Company in determining the fair values of its investments as of September 30, 2018.

As a matter of policy, valuations determined by Management are required to be supported by market data, third-party pricing sources, industry accepted pricing models, counterparty prices or other methods Management deems to be appropriate, including the use of internal proprietary pricing models. Recent transactions often are the best indicators of fair value. The Company does not regularly hold level 3 assets and typically distributes them to its Parent as an in-kind distribution after it receives them as compensation.



# EM SECURITIES LLC

## NOTES TO FINANCIAL STATEMENT

SEPTEMBER 30, 2018

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Investment

The Company's investment includes an equity position that is carried at fair value as determined by Management based upon a recent transaction. The fair value at which the investment is presented in the statement of financial condition may be different from the amount the Company would receive in a sale or liquidation of its investment and the differences may be material.

The following table summarizes the valuation of the Company's investments by the above fair value hierarchy levels at September 30, 2018:

	Level 1	Level 2	Level 3	Total
<i>Assets</i>				
Equity Securities	\$ -	\$ -	\$ 750,000	\$ 750,000
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 750,000</b>	<b>\$ 750,000</b>

The following is a reconciliation of Level 3 investments for the year ended September 30, 2018:

	Balance September 30, 2017	Acquisitions	Net change in unrealized appreciation/ (depreciation)	Balance September 30, 2018
<i>Assets</i>				
Equity Securities	\$ -	750,000	\$ -	\$ 750,000
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 750,000</b>	<b>\$ -</b>	<b>\$ 750,000</b>

In addition, the investments were distributed in October 2018 in kind to the Company's parent and the value used to record the distribution was exactly the same as the carrying value of these assets as reflected above. Thus, from the time the investments were first acquired until they were distributed to the Company's parent, no income or appreciation/depreciation was recorded in relation to these assets. In addition, this distribution had no impact on the Company's Member's Equity held for regulatory purposes.



# EM SECURITIES LLC

## NOTES TO FINANCIAL STATEMENT

SEPTEMBER 30, 2018

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are customer obligations due under normal trade terms. The Company performs continuing credit evaluations on each customer's financial condition and senior management reviews accounts receivable on a periodic basis to determine if any receivable will potentially be uncollectible. After all attempts to collect a receivable have failed, the receivable is written off. As of September 30, 2018, the allowance for doubtful accounts had a balance of \$131,750.

#### Income Taxes

The Company is a limited liability company, treated as a disregarded entity for federal, state and city income tax purposes; it therefore does not incur income taxes at the Company level. Instead its earnings and losses are passed through to the member and included in the calculation of the member's tax liability. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Management has analyzed the Company's tax positions and has concluded that no liability for unrecognized tax benefits should be recorded as of September 30, 2018.

#### Uncertain Tax Positions

In accordance with GAAP, the Company is required to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized could result in the Company recording a tax liability that would reduce member's equity. This policy also provides guidance on thresholds, measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition that is intended to provide better financial statement comparability among different entities. However, management's conclusions regarding this policy may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analysis of and changes to tax laws, regulation and interpretations thereof.

#### Concentrations

All cash deposits are held by one financial institution and therefore are subject to the credit risk at that financial institution. The Company has not experienced any losses in such accounts and does not believe there to be any significant credit risk with respect to these deposits.

For the year ended September 30, 2018, approximately 94% of the Company's revenues are from five clients and approximately 100% of accounts receivable are attributable to three clients.

**EM SECURITIES LLC**

**NOTES TO FINANCIAL STATEMENT**

**SEPTEMBER 30, 2018**

**NOTE 3. RELATED PARTY TRANSACTIONS**

The Company entered into an agreement with EMC, under which expenses of the Company are borne by EMC. For the year ended September 30, 2018, operating expenses of the Company amounting to approximately \$3,040,000 met the conditions as defined in the agreement and were borne by EMC.

**NOTE 4. NET CAPITAL REQUIREMENTS**

As a broker dealer the Company is subject to the SEC Uniform Net Capital Rule (SEC rule 15c3-1). In accordance with the net capital provisions of Rule 15c3-1, the Company is required to maintain minimum net capital as defined of not less than the greater of \$100,000 or 6-2/3% of the Company's total aggregate indebtedness. The basic concept of the net capital rule is liquidity; its objective being to require a broker dealer to have at all times sufficient liquid assets to meet its current liabilities. As of September 30, 2018, the Company had net capital of \$1,019,075, which exceeded the minimum requirement of \$100,000 by \$919,075.

**NOTE 5. RULE 15C3-3**

The Company does not handle cash or securities on behalf of customers and accordingly has no obligation under SEC Rule 15c3-3.

## **SUPPLEMENTARY INFORMATION**

**SCHEDULE I**

**EM SECURITIES LLC**

**COMPUTATION FOR DETERMINATION OF NET CAPITAL  
UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION**

**AS OF SEPTEMBER 30, 2018**

Member's equity		\$ 2,336,174
Deductions and/or charges		
Accounts receivable	567,099	
Investments	<u>750,000</u>	
Total deductions and/or charges		<u>1,317,099</u>
Net capital		1,019,075
Less: Minimum net capital requirements		
Greater of 6-2/3% of aggregate indebtedness or \$100,000		<u>100,000</u>
Excess net capital		<u>\$ 919,075</u>
Aggregate indebtedness:		<u>\$ -</u>
Ratio of aggregate indebtedness to net capital		<u>0.00</u>

There are no material differences between the computation of net capital presented above and the computation of net capital reported in the Company's unaudited Form X-17A-5, Part IIA filing as of September 30, 2018.

See report of independent registered public accounting firm.



**SCHEDULE II**  
**EM SECURITIES LLC**  
**INFORMATION REGARDING APPLICABILITY OF RULE 15c3-3**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

The Company does not hold customers' cash or securities. Accordingly, it had no obligations under SEC Rule 15c3-3 throughout this fiscal period.

See report of independent registered public accounting firm.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Management and Member of  
EM Securities LLC:

We have reviewed management's statements, included in the accompanying Rule 15c3-3 Exemption Report, in which EM Securities LLC (the "Company") stated they may file an exemption report because the Company had no obligations under 17 C.F.R. §240.15c3-3. 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 provisions set forth in Rule 15c3-3 under the Securities Exchange Act of 1934.


*WithumSmith+Brown, PC*

November 29, 2018

**EM SECURITIES LLC**

**RULE 15c3-3 EXEMPTION REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

EM Securities LLC does not handle cash or securities on behalf of customers. Therefore it has no obligation under SEC Rule 15c3-3 throughout the most recent fiscal year and thus may file an Exemption Report.

  
\_\_\_\_\_  
Executed by Person who made the oath or affirmation  
Under SEC Rule 17a-5(e)(2)