

**Consensys Digital Securities LLC**  
**Statement of Financial Condition**  
**December 31, 2018**

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

OMB APPROVAL
OMB Number: 3235-0123
Expires: August 31, 2020
Estimated average burden hours per response . . . 12.00

**ANNUAL AUDITED REPORT**  
**FORM X-17A-5**  
**PART III**  
**FACING PAGE**

SEC FILE NUMBER
8-69725

**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 03/21/18 AND ENDING 12/31/18  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER - DEALER:

Consensys Digital Securities LLC

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FIRM ID. NO.

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

100 Bogart Street – 3<sup>rd</sup> Floor  
(No. and Street)

Brooklyn NY 11206  
(City) (State) (Zip Code)

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

Fredric Obsbaum (212) 897-1694  
(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 Whippany NJ 07981  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

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\*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 (3-91)

## Consensys Digital Securities LLC

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

- ☒ Report of Independent Registered Public Accounting Firm
- ☒ Facing Page.
- ☒ Statement of Financial Condition.
- ☒ Footnotes.
- ☐ Statement of Operations.
- ☐ Statement of Changes in Member's 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 (included with item (g)) 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 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 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).*

## AFFIRMATION

I, Fredric Obsbaum, affirm that, to the best of my knowledge and belief, the accompanying statement of financial condition pertaining to Consensys Digital Securities LLC as of December 31, 2018, is 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

CFO

Title

Subscribed and sworn  
to before me



CASSONDRA E. JOSEPH  
NOTARY PUBLIC-STATE OF NEW YORK

No. 02JO6300319

Qualified in New York County

My Commission Expires March 31, 2022

# Consensys Digital Securities LLC

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**INDEPENDENT AUDITORS' REPORT PLACEHOLDER**





# Consensys Digital Securities LLC

## Statement of Financial Condition

December 31, 2018

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### Assets

Cash	\$ 126,364
Prepaid expenses and others	<u>14,505</u>
Total assets	<u><b>\$ 140,869</b></u>

### Liabilities and Member's Equity

Accrued expenses and other liabilities	<u>\$ 36,699</u>
Total liabilities	<u><b>36,699</b></u>

### Member's equity

	<u>104,170</u>
Total liabilities and member's equity	<u><b>\$ 140,869</b></u>

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

# Consensys Digital Securities LLC

## Notes to Statement of Financial Condition December 31, 2018

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### 1. Organization and Business

Consensys Digital Securities LLC (the “Company”) is a limited liability company formed under the laws of New York. It was originally organized as Komodo Securities LLC (“Komodo”) on July 13, 2017. On March 15, 2018, Komodo subsequently changed its name to Token Foundry Securities LLC (“TOFO”), which then, on September 19, 2018 changed its name to its present name.

On March 21, 2018, the Company became a broker-dealer and as such is registered with the Securities and Exchange Commission (the “SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”). The Company has commenced operations; however, it has not yet successfully consummated any transactions to generate revenue.

The primary business of the Company is to act as a broker-dealer selling private placements of securities.

On April 4, 2018, Token Foundry Holdings LP purchased a 20% interest in the Company. It purchased the remaining 80% on June 28, 2018.

### 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 (“US 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.

#### Cash

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.

#### Income Taxes

The Company is a single member limited liability company and is treated as a disregarded entity for income tax reporting purposes. The Internal Revenue Code provides that any income or loss is passed through to the members for federal and state income tax purposes. Accordingly, the Company has not provided a tax provision for federal, state and local income taxes.

At December 31, 2018, management has determined that the Company had no uncertain tax positions that would require financial statement recognition. This determination will be subject to ongoing reevaluation as facts and circumstances may require. Interest and penalties assessed, if any, are recorded as income tax expense.



# **Consensys Digital Securities LLC**

## **Notes to Statement of Financial Condition December 31, 2018**

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### **3. Transactions with Related Parties**

The Company maintains an intercompany services agreement (the “Expense Sharing Agreement”) with an affiliated company to provide certain services.

At December 31, 2018, the Company owed the affiliate \$36,667, which is included in accrued expenses and other liabilities on the statement of financial condition.

The terms of these arrangements may not be the same as those that would otherwise exist or result from agreements and transactions among unrelated parties.

### **4. Regulatory Requirements**

The Company is subject to SEC Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934, 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 (8 to 1 in its first year of operations). At December 31, 2018, the Company had net capital of \$89,665 which exceeded the required net capital of \$5,000 by \$84,665.

The Company does not hold customers’ cash or securities; therefore, it has no obligations under SEC Rule 15c3-3 under the Securities Exchange Act of 1934.

### **5. Going Concern**

The accompanying financial statements have been prepared assuming the Company will continue as a going concern, without making additional capital contributions or the addition of revenue sources. It is management’s plan to obtain additional sources of capital and revenues. The financial statements do not include any adjustments relating to the recoverability and classification of recorded liabilities that might be necessary should the Company be unable to continue in existence.