

R. SEELAUS & CO., LLC  
ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

SEC FILE NO. 8-31475

FOR THE YEAR ENDED  
DECEMBER 31, 2021

(With Report of Independent Registered Public Accounting Firm)

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

ANNUAL REPORTS  
FORM X-17A-5  
PART III

OMB APPROVAL
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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 01/01/2021 AND ENDING 12/31/2021  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: R. Seelaus & Co., 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.)

26 Main St., Suite 300

(No. and Street)

Chatham

NJ

07928

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Anneliese Mitnick

908-273-3011

(Name)

(Area Code - Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

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

DeMarco Sciacotta Wilkens & Dunleavy, LLP

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

20646 Abbey Woods Ct. N, Ste. 201 Frankfort

IL

60423

(Address)

(City)

(State)

(Zip Code)

12/21/2010

5376

(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.

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## OATH OR AFFIRMATION

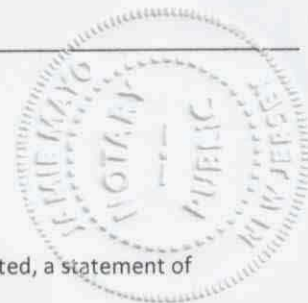
I, Anneliese Mitnick, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of R. Seelaus & Co., LLC, as of December 31, 2021, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.



Jamie Mayo  
Notary Public

Signature: Anneliese Mitnick

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.

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors  
R. Seelaus & Co., LLC

### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of R. Seelaus & Co., LLC (the "Company") as of December 31, 2021, and the related notes (collectively referred to as the "financial statement"). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of R. Seelaus & Co., LLC as of December 31, 2021 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 the Company'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 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 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.

We have served as R. Seelaus & Co., LLC's auditor since 2021.

*DeMarco Sciacotta Wilkens & Dunleavy LLP*

Frankfort, Illinois  
March 21, 2022

R. SEELAUS & CO., LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2021

ASSETS

Cash and cash equivalents	\$ 32,557
Receivables from clearing organizations	5,246,432
Receivables from non-customers	5,594,093
Receivables from related parties	30,802
Securities owned, at fair value	1,619,861
Secured demand notes	1,800,000
Other assets	<u>324,903</u>
 TOTAL ASSETS	 <u>\$ 14,648,648</u>

LIABILITIES AND MEMBER'S EQUITY

LIABILITIES

Accounts payable and accrued expenses	\$ 6,468,439
Payables from related parties	24,869
Securities sold, not yet purchased	166,922
Subordinated borrowings	<u>1,800,000</u>

Total Liabilities	<u>\$ 8,460,230</u>
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MEMBER'S EQUITY	<u>\$ 6,188,418</u>
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TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$ 14,648,648</u>
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See accompanying notes to this financial statement



R. SEELAUS & CO., LLC  
NOTES TO STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2021

**Note 1: Organization and Nature of Business**

R. Seelaus & Co., LLC (the Company), a Delaware limited liability company, is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA), and the Securities Investor Protection Corporation (SIPC). The Company is a full-service institutional and retail broker-dealer with a sales and trading presence in the corporate debt and equity, municipal debt, and interest rates markets. The Company has distribution channels into a wide range of customers including insurance companies, foundations, pension plans, family offices, hedge funds, mutual funds and high net worth retail households. The Company is a nationally certified Women-Owned Business Enterprise (WBE). The Company's customers are located throughout the United States, with offices in New Jersey, Florida, Connecticut, Massachusetts, and Illinois.

**Note 2: Significant Accounting Policies**

Basis of Presentation

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Furniture, Equipment, and Leasehold Improvements

Furniture, equipment, and leasehold improvements are recorded at cost. Depreciation and amortization is computed on the straight-line method, over the useful lives of the related assets. Expenditures for maintenance and repairs are expensed as incurred.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months that are not held for sale in the ordinary course of business.

Income Taxes

The Company was formed on December 31, 2018 and is a limited liability company for federal and state income tax purposes. Accordingly, income and losses of the Company pass through to its member which is taxed as an S Corporation.

Under current federal and state laws, limited liability companies are generally not subject income taxes; therefore, no provision has been made for such taxes in the accompanying financial statements other than nominal fees imposed by the state. For income tax purposes, the Member separately accounts for its share of the Company's items of income, deductions, losses and credits.

R. SEELAUS & CO., LLC  
NOTES TO STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2021

**Note 2: Significant Accounting Policies – (Continued)**

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, Income Taxes. Under that guidance the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change. As of December 31, 2021, there are no unrecognized tax benefits.

Securities Transactions

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. 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. Customers' securities transactions are reported on a settlement date basis with related commission income and expenses recorded on a trade date basis.

Securities are recorded at fair value in accordance with FASB ASC 820, Fair Value Measurements and Disclosures. All investments as of December 31, 2021 are held at an outside location by a clearing organization.

Traded securities consist principally of municipal and government obligations in order to provide income which is exempt from federal and/or state income taxes for the fixed-income investor. Other heavily traded securities include corporate bonds.

Revenues

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)" which is an update of ASC 606 Revenue Recognition Standard. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should disclose sufficient qualitative and quantitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The following provides detailed information on the recognition of the Company's revenue from contracts with customers:

Syndicate Income: Underwriting fees are recorded at the time the underwriting is completed and the income is reasonably determinable. Underwriting expenses that are deferred under the guidance in FASB ASC 940-340-25-3 are recognized at the time the related revenues are recorded, in the event that transactions are not completed and the securities not issued, the Company expenses those costs.



R. SEELAUS & CO., LLC  
NOTES TO STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2021

**Note 2: Significant Accounting Policies – (Continued)**

Commission Income: The Company's broker-dealer earns commissions by executing client transactions in stocks, bonds, mutual funds, variable annuities and other financial products and services. Commissions revenue is recognized on trade date when the performance obligation is satisfied. Commissions revenue is paid on settlement date, which is generally two business days after trade date for equities securities and corporate bond transactions and one business day for government securities and commodities transactions. The Company records a receivable on the trade date and receives a payment on settlement date.

The accounts receivable balance from contracts with non-customers was \$5,594,093 as of December 31, 2021.

The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgment is required to determine whether performance obligations are satisfied at a point in time or over time; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on the appropriate measure of the Company's progress under the contract; whether revenue should be presented gross or net of certain costs; and whether constraints on variable consideration should be applied due to uncertain future events.

The Company underwrites securities for business entities and governmental entities that want to raise funds through a sale of securities. Revenues are earned from fees arising from securities offerings in which the Company acts as an underwriter. Revenue is recognized on the trade date (the date on which the Company purchases the securities from the issuer) for the portion the Company is contracted to buy. The Company believes that the trade date is the appropriate point in time to recognize revenue for securities underwriting transactions as there are no significant actions which the Company needs to take subsequent to this date and the issuer obtains the control and benefit of the capital markets offering at that point.

Underwriting costs that are deferred under the guidance in FASB ASC 940-340-25-3 are recognized as an expense at the time the related revenues are recorded. In the event that transactions are not completed and the securities are not issued, the Company immediately expenses those costs.

Interest Income

The Company earns interest income from client margin accounts and cash equivalents. This revenue is not in scope for Topic 606 as it is not generated from contracts with customers. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

R. SEELAUS & CO., LLC  
NOTES TO STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2021

**Note 2: Significant Accounting Policies – (Continued)**

Credit losses for receivables

The Company has commissions receivable from clearing organizations which are measured at amortized cost (see Note 4).

The Company adopted ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments on a modified retrospective basis, effective January 1, 2020. The amendments in this Update require a financial asset measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset to present the net carrying value at the amount expected to be collected on the financial asset. The Company evaluates whether an allowance for credit losses is necessary, which represents the portion of the receivable that the Company does not expect to collect over its contractual life, considering past events and reasonable and supportable forecasts of future economic conditions. The Company's allowance for credit losses on its commissions receivable is based on specific collectability facts and circumstances for each outstanding receivable and the associated collection risk.

There was no impact to retained earnings as of January 1, 2021, or to the allowance for credit losses as of December 31, 2021, after adopting Topic 326. The allowance for credit losses as of December 31, 2021 is \$0.

The Company does not have any off-balance-sheet credit exposure related to its customers.

Advertising

The Company expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place.

Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount is reported on the statement of financial position, when there is a legally enforceable right to set off the recognized amount and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously

R. SEELAUS & CO., LLC  
NOTES TO STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2021

**Note 3: Fair Value Measurement**

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following table presents the Company's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
ASSETS				
Securities owned:				
State and municipal	\$ -	\$ 1,408,876	\$ -	\$ 1,408,876
U.S. government and agency	205,874	-	-	205,874
Other debt securities	-	5,111	-	5,111
Totals	<u>\$ 205,874</u>	<u>\$ 1,413,987</u>	<u>\$ -</u>	<u>\$ 1,619,861</u>

R. SEELAUS & CO., LLC  
NOTES TO STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2021

**Note 3: Fair Value Measurement – (Continued)**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
LIABILITIES				
Securities Sold, not yet purchased:				
U.S. government and agency	\$ -	\$ 166,922	\$ -	\$ 166,922
Totals	<u>\$ -</u>	<u>\$ 166,922</u>	<u>\$ -</u>	<u>\$ 166,922</u>

To determine the fair value of the securities, market conditions are combined with descriptive information on all the individual securities, including interest rates, payment schedules, ratings, insurance status, call and put schedules and other relevant information. All of these become points in a “matrix” that influence the fair value of the securities.

**Note 4: Off-Balance Sheet Risk and Clearing Agreements**

In order to facilitate securities transactions, the Company has agreements with two broker/dealers (Clearing Broker/dealers). When effective, the Company will forward (introduce) customer securities transactions to the Clearing Broker/dealers, fully disclosing the customer name and other information. The processing and, if applicable, any financing pertaining to the introduced transactions would be performed by the Clearing Broker/dealers. The customers’ accounts would be maintained and recorded in the books and records of the Clearing Broker/dealers on the Company’s behalf.

The receivables from the clearing organizations are commissions receivable and clearing deposits. The receivable balance as of December 31, 2021 was \$5,246,432.

**Note 5: Liabilities Subordinated to Claims of General Creditors**

The borrowings under subordination agreements at December 31, 2021 are listed below:

Liability pursuant to secured demand note collateral agreement, 8% interest paid monthly through April 15, 2024 based on \$225,000 balance. Interest expense was \$18,000 for the year ended December 31, 2021	\$ 225,000
Liability pursuant to secured demand note collateral agreement with a stockholder, 5% interest paid monthly through May 15, 2024. Interest expense was \$12,500 for the year ended December 31, 2021	250,000

R. SEELAUS & CO., LLC  
NOTES TO STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2021

**Note 5: Liabilities Subordinated to Claims of General Creditors – (Continued)**

Liability pursuant to secured demand  
note collateral agreement with a  
stockholder, 5% interest paid monthly  
through June 30, 2022. Interest expense  
was \$12,500 for the year ended  
December 31, 2021

250,000

Liability pursuant to secured demand  
note collateral agreement with a  
stockholder, 5% interest paid monthly  
through June 30, 2022. Interest expense  
was \$3,750 for the year ended  
December 31, 2021

75,000

Liability pursuant to secured demand  
note collateral agreement with a  
stockholder, 5% interest paid monthly  
through June 30, 2022. Interest expense  
was \$7,500 for the year ended  
December 31, 2021

150,000

Liability pursuant to secured demand  
note collateral agreement with a  
stockholder, 5% interest paid monthly  
through December 31, 2023. Interest  
expense was \$16,250 for the year ended  
December 31, 2021

325,000

Liability pursuant to secured demand  
note collateral agreement with a  
stockholder, 5% interest paid monthly  
through December 31, 2023. Interest  
expense was \$16,250 for the year ended  
December 31, 2021

325,000

Liability pursuant to secured demand  
note collateral agreement with a  
stockholder, 5% interest paid monthly  
through December 31, 2023. Interest  
expense was \$10,000 for the year ended  
December 31, 2021

200,000

\$ 1,800,000

The subordinated borrowings are covered by agreements approved by the Financial Industry Regulatory Authority and are thus available in computing net capital under the Securities and Exchange Commission's uniform net capital rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid.

The carrying value of subordinated borrowings approximates fair value.

R. SEELAUS & CO., LLC  
NOTES TO STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2021

**Note 6: Furniture and Equipment, Net**

Furniture and equipment are summarized as follows:

Furniture	\$ 119,279
Office machinery and equipment	<u>392,553</u>
Total	511,832
Less: accumulated depreciation	<u>(511,832)</u>
Net	<u>\$ -</u>

Depreciation expense for the year ended December 31, 2021 was \$0.

**Note 7: Income Taxes**

The provision for income taxes for the year ended December 31, 2021 of \$0 has been provided in the financial statements for state corporate income tax obligations based upon the Company's current tax filing status as a limited liability company. Earnings and losses pass through the Company's Parent which is taxed as an S Corporation, accordingly, the Company will not incur additional income tax obligations. There are no uncertain tax positions as of December 31, 2021. The Company's Parent is no longer subject to examination by taxing authorities for years prior to 2018.

**Note 8: Commitments**

In the normal course of business, the Company enters into underwriting commitments. Transactions relating to such underwriting commitments that were open at December 31, 2021 and were subsequently settled had no material effect on the financial statements as of that date.

**Note 9: Financial Instruments**

Fair Value of Financial Instruments

FASB ASC Topic 825, Financial Instruments, requires disclosure of the fair value of certain financial instruments. Cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are reflected in the financial statements at carrying value, which approximates fair value because of the short-term maturity of these instruments. The fair value of the Company's subordinated borrowings approximates the fair value based on the current rates available to the Company for debt with substantially the same characteristics and maturities.

Marketable securities owned and sold not yet purchased, consist of trading and investment securities at market values as follows:



R. SEELAUS & CO., LLC  
NOTES TO STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2021

**Note 9: Financial Instruments – (Continued)**

	December 31, 2021	
	Owned	Sold Not Yet, Purchased
State and municipal obligations	\$ 1,408,876	\$ -
Obligations of U.S. government	205,874	166,922
Other Securities	5,111	-
	\$ 1,619,861	\$ 166,922

When-Issued Securities

The Company enters into certain transactions involving securities sold on a when-issued basis (when-issued securities). When-issued securities provide for the delayed delivery of the underlying instrument. The market risk is substantially dependent upon the value of the underlying financial instruments and is affected by market forces such as volatility and changes in interest rates.

When-issued securities transactions are entered into for trading purposes or to economically hedge other positions or transactions and are therefore subject to varying degrees of market and credit risk. The credit risk for when-issued securities is limited to the unrealized market valuation gains recorded in the statement of financial condition.

Concentrations 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.

**Note 10: Employee Benefit Plan**

The Company maintains a 401(k) plan, which covers substantially all of its full-time employees. The plan permits employees to invest up to 100% of their compensation, subject to IRS annual limitations, in the employee's choice of mutual funds. The Company matches 100% of the first 3% of employee's contributed compensation and 50% of the next 2% of employee's contributed compensation.

R. SEELAUS & CO., LLC  
NOTES TO STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2021

**Note 11: Related Party Transactions**

As of December 31, 2021, the Company has liabilities pursuant to secured demand note collateral agreements with certain stockholders of the Parent which totaled \$1,575,000 (see Note 5).

The Company is party to an expense sharing agreement with its Parent, R. Seelaus & Co., Inc. and its affiliated companies, Seelaus Asset Management, LLC and RSC Financial Products, LLC. Under the agreement, the Company utilizes personnel, services and facilities which are contracted by and paid by the Parent and/or its affiliated companies. The Company is charged or charges a varying amount of shared costs with its Parent or affiliated companies based on head count or percentage of actual usage. For the year ended December 31, 2021, \$36,185,900 was incurred under this agreement. As of December 31, 2021, the Company has recorded a payable due to its Parent in the amount of \$24,869. The Company also has receivables from Seelaus Asset Management, LLC and RSC Financial Products, LLC in the amounts of \$29,238 and \$1,564, respectively.

**Note 12: Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC 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, 2021, the Company had net capital of \$5,362,149 which is \$4,929,262 in excess of required net capital of \$432,887. The Company's net capital ratio at December 31, 2021 was 1.2 to 1.

**Note 13: Annual Report on Form X-17A-5**

The annual report to the Securities and Exchange Commission on Form X-17A-5 is available for examination and copying at the Company's office and at the regional office of the Securities and Exchange Commission.

**Note 14: Contingencies**

The Company, from time to time, is involved in certain claims and arbitrations incidental to its business operations. Management is of the opinion that any claims, either individually or in the aggregate, to which the Company is a party will not have a material adverse effect on the Company's financial position or operations. At December 31, 2021, no amount has been accrued for any potential or pending claims or arbitrations, as a probable outcome is not determinable at December 31, 2021.

**Note 15: Subsequent Events**

The Company has evaluated subsequent events for potential recognition and/or disclosure through the date the financial statements were issued, noting the following.

R. SEELAUS & CO., LLC  
NOTES TO STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2021

**Note 15: Subsequent Events- *(Continued)***

In March 2022, R. Seelaus & Co., Inc. (the “Parent”) completed a restructuring transaction and fifteen percent (15%) minority equity sale to SPC CM Seelaus Investor LLC, a Delaware limited liability company and wholly-owned subsidiary of SPC Capital Markets Holdings, LLC (collectively, “SPC”). The restructuring occurred through the Parent’s initial formation of a new wholly-owned subsidiary, Seelaus Holdings, LLC, a Delaware limited liability company (“Holdco”), and an additional subsidiary of Holdco, Seelaus FinCo, LLC, a Delaware limited liability company (“FinCo”). FinCo’s business consists entirely of leveraged lending and financing operations. The Parent then contributed and assigned substantially all of its assets and liabilities to Holdco, after which, the Parent sold fifteen percent (15%) of the equity interests in Holdco to SPC. The cash consideration received by the Parent was used to redeem certain shareholders of the Parent and is to be recorded as a journal entry for repurchase by debiting the Parent’s treasury stock account and crediting the Parent’s cash account.