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

SEC FILE NUMBER  
8-18148

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 01/01/12 AND ENDING 12/31/12  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: South Texas Securities Co.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
13027 Taylorcrest, Box 79626

OFFICIAL USE ONLY  
FIRM I.D. NO.

Houston TX 77279  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
F. E. Hartung 713-464-7076  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
EXEMPTION BASED ON SECTION 240.17a-5(e)(1)(i)(B)  
(Name - if individual, state last, first, middle name)

(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)

DD 3/21/13

OATH OR AFFIRMATION

I, Frank E. Hartung, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of South Texas Securities Co., as of December 31, 2012, 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,

Facts and circumstances relied upon as basis for exemption from requirement that these statements and schedules need to be audited: since the date of the previous financial statements of the report filed pursuant to Sec. 240.17a5, the firm has not conducted any securities business other than buying and selling evidences of indebtedness secured by mortgage, deed of trust, or other lien upon real estate or leasehold interests, and the firm has not carried any margin account, credit balance, or security for any securities customer.

CAMERON CRYDER  
Notary Public  
State of Idaho

*Frank E Hartung*

*Cameron Cryder*

*Partner*

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).

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

|   |   |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| <b>BROKER OR DEALER</b><br>SOUTH TEXAS SECURITIES CO. | N | 3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

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**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND  
CERTAIN OTHER BROKERS OR DEALERS**

as of (MM/DD/YY) 12/31/12 99

SEC FILE NO. 8-18148 98

Consolidated  198

Unconsolidated  199

ASSETS

|  | <u>Allowable</u>   | <u>Non-Allowable</u>  | <u>Total</u>   |
|--|--|---|--|
| 1. Cash .....  | \$ 80,702 <span style="border: 1px solid black; padding: 0 5px;">200</span>  |   | \$ 80,702 <span style="border: 1px solid black; padding: 0 5px;">750</span>  |
| 2. Receivables from brokers or dealers:  |  |   |  |
| A. Clearance account .....   | <span style="border: 1px solid black; padding: 0 5px;">295</span>            |   |  |
| B. Other .....   | <span style="border: 1px solid black; padding: 0 5px;">300</span>            | \$ 14,285 <span style="border: 1px solid black; padding: 0 5px;">550</span> | \$ 14,285 <span style="border: 1px solid black; padding: 0 5px;">810</span>  |
| 3. Receivables from non-customers .....  | <span style="border: 1px solid black; padding: 0 5px;">355</span>            | <span style="border: 1px solid black; padding: 0 5px;">600</span>           | <span style="border: 1px solid black; padding: 0 5px;">830</span>            |
| 4. Securities and spot commodities owned, at market value:   |  |   |  |
| A. Exempted securities .....   | <span style="border: 1px solid black; padding: 0 5px;">418</span>            |   |  |
| B. Debt securities .....   | <span style="border: 1px solid black; padding: 0 5px;">419</span>            |   |  |
| C. Options .....   | <span style="border: 1px solid black; padding: 0 5px;">420</span>            |   |  |
| D. Other securities .....  | 83,677 <span style="border: 1px solid black; padding: 0 5px;">424</span>     |   |  |
| E. Spot commodities .....  | <span style="border: 1px solid black; padding: 0 5px;">430</span>            |   | 83,677 <span style="border: 1px solid black; padding: 0 5px;">850</span>     |
| 5. Securities and/or other investments not readily marketable:   |  |   |  |
| A. At cost \$ .....  | <span style="border: 1px solid black; padding: 0 5px;">130</span>            |   |  |
| B. At estimated fair value .....   | <span style="border: 1px solid black; padding: 0 5px;">440</span>            | <span style="border: 1px solid black; padding: 0 5px;">610</span>           | <span style="border: 1px solid black; padding: 0 5px;">860</span>            |
| 6. Securities borrowed under subordination agreements<br>and partners' individual and capital<br>securities accounts, at market value:                                   |  |   |  |
| A. Exempted securities \$ .....  | <span style="border: 1px solid black; padding: 0 5px;">150</span>            |   |  |
| B. Other securities \$ .....   | <span style="border: 1px solid black; padding: 0 5px;">160</span>            |   |  |
| 7. Secured demand notes: .....   | <span style="border: 1px solid black; padding: 0 5px;">470</span>            | <span style="border: 1px solid black; padding: 0 5px;">640</span>           | <span style="border: 1px solid black; padding: 0 5px;">890</span>            |
| Market value of collateral:  |  |   |  |
| A. Exempted securities \$ .....  | <span style="border: 1px solid black; padding: 0 5px;">170</span>            |   |  |
| B. Other securities \$ .....   | <span style="border: 1px solid black; padding: 0 5px;">180</span>            |   |  |
| 8. Memberships in exchanges:   |  |   |  |
| A. Owned, at market \$ .....   | <span style="border: 1px solid black; padding: 0 5px;">190</span>            |   |  |
| B. Owned, at cost .....  |  | <span style="border: 1px solid black; padding: 0 5px;">650</span>           |  |
| C. Contributed for use of the company,<br>at market value .....  |  | <span style="border: 1px solid black; padding: 0 5px;">660</span>           | <span style="border: 1px solid black; padding: 0 5px;">900</span>            |
| 9. Investment in and receivables from<br>affiliates, subsidiaries and<br>associated partnerships .....   | <span style="border: 1px solid black; padding: 0 5px;">480</span>            | <span style="border: 1px solid black; padding: 0 5px;">670</span>           | <span style="border: 1px solid black; padding: 0 5px;">910</span>            |
| 10. Property, furniture, equipment,<br>leasehold improvements and rights<br>under lease agreements, at cost-net<br>of accumulated depreciation<br>and amortization. .... | <span style="border: 1px solid black; padding: 0 5px;">490</span>            | <span style="border: 1px solid black; padding: 0 5px;">680</span>           | <span style="border: 1px solid black; padding: 0 5px;">920</span>            |
| 11. Other assets .....   | <span style="border: 1px solid black; padding: 0 5px;">535</span>            | <span style="border: 1px solid black; padding: 0 5px;">735</span>           | <span style="border: 1px solid black; padding: 0 5px;">930</span>            |
| 12. Total Assets .....   | \$ 164,379 <span style="border: 1px solid black; padding: 0 5px;">540</span> | \$ 14,285 <span style="border: 1px solid black; padding: 0 5px;">740</span> | \$ 178,664 <span style="border: 1px solid black; padding: 0 5px;">940</span> |

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER  
SOUTH TEXAS SECURITIES CO.

as of 12/31/12

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING,  
NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS  
LIABILITIES AND OWNERSHIP EQUITY

| <u>Liabilities</u>   | <u>A.I.<br/>Liabilities</u> | <u>Non-A.I.<br/>Liabilities</u> | <u>Total</u>    |
|--|-----------------------------|---------------------------------|-----------------|
| 13. Bank loans payable   | \$ 1045                     | \$ 1255                         | \$ 1470         |
| 14. Payable to brokers or dealers:   |                             |                                 |                 |
| A. Clearance account   | 1114                        | 1315                            | 1560            |
| B. Other   | 1115                        | 1305                            | 1540            |
| 15. Payable to non-customers   | 1155                        | 1355                            | 1610            |
| 16. Securities sold not yet purchased,<br>at market value                  |                             | 1360                            | 1620            |
| 17. Accounts payable, accrued liabilities,<br>expenses and other           | 1205                        | 1385                            | 1685            |
| 18. Notes and mortgages payable:   |                             |                                 |                 |
| A. Unsecured   | 1210                        |                                 | 1690            |
| B. Secured   | 1211                        | 1390                            | 1700            |
| 19. Liabilities subordinated to claims<br>of general creditors:            |                             |                                 |                 |
| A. Cash borrowings:  |                             |                                 |                 |
| 1. from outsiders  | \$ 970                      |                                 |                 |
| 2. Includes equity subordination (15c3-1(d))<br>of                         | \$ 980                      |                                 |                 |
| B. Securities borrowings, at market value<br>from outsiders                |                             | 1410                            | 1720            |
| C. Pursuant to secured demand note<br>collateral agreements                |                             | 1420                            | 1730            |
| 1. from outsiders  | \$ 1000                     |                                 |                 |
| 2. includes equity subordination (15c3-1(d))<br>of                         | \$ 1010                     |                                 |                 |
| D. Exchange memberships contributed for<br>use of company, at market value |                             | 1430                            | 1740            |
| E. Accounts and other borrowings not<br>qualified for net capital purposes | 1220                        | 1440                            | 1750            |
| 20. TOTAL LIABILITIES  | \$ 1230                     | \$ 1450                         | \$ 1760         |
| <br><u>Ownership Equity</u>  |                             |                                 |                 |
| 21. Sole proprietorship  |                             |                                 | \$ 1770         |
| 22. Partnership (limited partners)   | \$ 1020                     |                                 | 178,664 1780    |
| 23. Corporation:   |                             |                                 |                 |
| A. Preferred stock   |                             |                                 | 1791            |
| B. Common stock  |                             |                                 | 1792            |
| C. Additional paid-in capital  |                             |                                 | 1793            |
| D. Retained earnings   |                             |                                 | 1794            |
| E. Total   |                             |                                 | 1795            |
| F. Less capital stock in treasury  |                             |                                 | ( ) 1796        |
| 24. TOTAL OWNERSHIP EQUITY   |                             |                                 | \$ 178,664 1800 |
| 25. TOTAL LIABILITIES AND OWNERSHIP EQUITY                                 |                             |                                 | \$ 178,664 1810 |

OMIT PENNIES

STATEMENT OF FINANCIAL CONDITION  
SOUTH TEXAS SECURITIES CO. (A PARTNERSHIP)  
For the Year Ended December 31, 2012

ASSETS

|                          |                |
|--------------------------|----------------|
| Cash                     | 80,702         |
| Receivables from Brokers | 14,285         |
| Marketable Securities    | <u>83,677</u>  |
| <b>TOTAL ASSETS</b>      | <b>178,664</b> |

**PARTNERS' CAPITAL** 178,664

**TOTAL LIABILITIES AND CAPITAL** 178,664

Note 1: Accounting Policies. Security transactions are recorded on settlement dates. Securities are valued at market. No provision has been made for federal income taxes, as each partner is responsible individually for applicable taxes.

Note 2: The Company's net capital and net capital requirement under SEC Rule 15c3-1 were \$ 148,991 and \$ 100,000 respectively.

A copy of the Statement of Financial Condition of the most recent annual examination report of South Texas Securities Co. pursuant to SEC Rule 17a-5 is available for examination at the office of the Company and at the regional office of the SEC, Fort Worth, Texas.