

11/14

00  
1/13/13

SECURITIES AND EXCHANGE COMMISSION  
RECEIVED  
NOV 27 2013  
DIVISION OF TRADING & MARKETS

SECT



SSION

13026424

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

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: March 31, 2016  
Estimated average burden  
hours per response..... 12.00

SEC FILE NUMBER  
g. 18118

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 10/01/12 AND ENDING 09/30/13  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: U.S. SECURITIES, INTL. CORP.

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

120 BROADWAY SUITE 1017

(No. and Street)

NEW YORK

NEW YORK

10017

(City)

(State)

(Zip Code)

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

WILLIAM COPPA

212-227-0800

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

MICHAEL DAMSKY CPA, P.C.

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

260 MIDDLE COUNTRY ROAD

SELDEN

NEW YORK

11784

(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)

Potential 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.

00  
1/24/13

OATH OR AFFIRMATION

I, WILLIAM COPPA, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of U.S. SECURITIES, INTL. CORP., as of SEPTEMBER 30, 2013, 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, except as follows:

Signature: [Handwritten Signature]
Title: Secy - TREAT

THOMAS F. SULLIVAN
Notary Public, State of New York
No. 01SU6025131
Qualified in Nassau County
Commission Expires May 24, 2015
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).

**U.S. SECURITIES INTERNATIONAL CORP.**

**FINANCIAL STATEMENTS and SUPPLEMENTARY INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2013**

## TABLE OF CONTENTS

Accountants' Report	Page 1
<b>Financial Statements:</b>	
Balance Sheets	2
Statements of Income	3
Statements of Cash Flows	4
Statements of Changes in Stockholders' Equity	5
Notes to Financial Statements	6-10
<b>Supplementary Information:</b>	
Computation of Net Capital	11
Computation of Basic Net Capital Requirement	11
Computation of Aggregate Indebtedness	11
Reconciliation of Net Capital	12
Expenses	13

**MICHAEL DAMSKY CPA, P.C.  
260 MIDDLE COUNTRY ROAD  
SELDEN, NEW YORK 11784**

Tel 631-595-2073  
Fax 631-586-9398

MEMBER:  
PUBLIC COMPANY ACCOUNTING  
OVERSIGHT BOARD  
NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
US Securities International Corp.  
New York, New York

Gentlemen:

We have audited the accompanying statement of financial condition of US Securities International Corp. as of September 30, 2013 and the related statements of income, changes in stockholders' equity, and cash flows for the twelve months then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis of designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly we express no such opinion. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of US Securities International Corp. as of September 30, 2013 and the results of its operations and its cash flows for the year then, ended in conformity with accounting principles, generally accepted in the United states of America, the rules of the Securities and Exchanges Commission, and the rules of the Public Company Accounting Oversight Board.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplementary schedules on pages 11 through 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Very truly yours,

*Michael Damsky.*

**MICHAEL DAMSKY CPA, P.C.**  
Certified Public Accountant  
Deer Park, New York  
November 20, 2013

**U.S. SECURITIES INTERNATIONAL CORP.****BALANCE SHEET****SEPTEMBER 30, 2013****ASSETS****Current Assets:**

Cash and cash equivalents	\$ 256,975
Due From Broker	82,855
Securities	2,125,948
Advances to employees	<u>366,189</u>
	<b>\$ <u>2,831,967</u></b>

**LIABILITIES and STOCKHOLDERS' EQUITY****Current Liabilities:**

Short Securities	\$ 3,431
Accounts Payable and Accrued Expenses	280,170
Deferred taxes payable	<u>531,452</u>
	<b>\$ <u>815,053</u></b>

**Stockholders' Equity:**

Common Stock, \$1.00 par value	
Nonvoting, authorized 10,000 shares; issued and outstanding 86 shares	38
Voting, authorized 10,000 shares; issued and outstanding 6 shares	2
Retained Earnings	490,777
Accumulated other comprehensive income	<u>1,526,097</u>
	<u>2,016,914</u>
	<b>\$ <u>2,831,967</u></b>

"See Accompanying Notes and Accountants' Report"

**U.S. SECURITIES INTERNATIONAL CORP.****STATEMENT OF INCOME****YEAR ENDED SEPTEMBER 30, 2013****Revenue:**

Commissions	\$ 538,291
Interest & Dividends	87,001
Gain on Sale of Securities	870,020
Other Income	( 5,439)
	<u>1,489,873</u>

**Expenses****1,448,327**

Net Profit Before Provision for Income Taxes	41,546
Income Tax Provision (benefit)	<u>-</u>
Net Income from operations	<u>41,546</u>
Other comprehensive income (net of taxes)	<u>18,002</u>
Net profit	<u>\$ 59,548</u>

**"See Accompanying Notes and Accountants' Report"**

**U.S. SECURITIES INTERNATIONAL CORP.****STATEMENT OF CASH FLOWS****YEAR ENDED SEPTEMBER 30, 2013****Cash Flows from Operating Activities:**

Net Profit	\$ 59,548
Adjustments to reconcile net income to net cash provided by operating activities:	
Decrease (Increase) in operating assets	
(Increase) in due from broker	( 18,254)
(Increase) in advances to employees	( 98,633)
Prior period Income adjustment	31,500
Increase in accrued expenses	<u>248,932</u>
Net cash provided by operating activities	\$ <u>223,093</u>

**Cash Flows from Investing Activities:**

( Increase) in market value of securities	( 111,557)
Increase in deferred taxes	<u>28,712</u>
Net cash (used in) investing activities	( <u>82,845</u> )

**Cash Flows from Financing Activities:**

Redemption of stock	( <u>52</u> )
Net cash (used in) financing activities	( <u>52</u> )
Net Increase in cash	140,196
Cash at beginning of year	<u>116,779</u>
Cash at end of year	\$ <u>256,975</u>

"See Accompanying Notes and Accountants' Report"

**U.S. SECURITIES INTERNATIONAL CORP.****STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY****YEAR ENDED SEPTEMBER 30, 2013**

	Common Stock (non- Voting)	Common Stock (voting)	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at October 1, 2012	\$ 86	\$ 6	\$417,731	\$1,508,095	\$1,925,918
Net Income	-	-	41,546		41,546
Other comprehensive income					
Unrealized gain in securities, net of deferred taxes	-	-	-	18,002	18,002
Prior year income tax provision	-	-	31,500	-	31,500
Redemption of Stock	( 48)	( 4)	-	-	( 52)
Balance at September 30, 2013	<u>\$ 38</u>	<u>\$ 2</u>	<u>\$490,777</u>	<u>\$1,526,097</u>	<u>\$2,016,914</u>

"See Accompanying Notes and Accountants' Report"

**U.S. SECURITIES INTERNATIONAL CORP.****NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2013****NOTE 1--Business and Summary of Significant Accounting Policies**

U.S. Securities International Corp. (the "Company") was purchased from Fidelity Management and Research Co. in 1974 by the operating personnel who have owned and operated the Company since that date. The Company is a registered broker-dealer with the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA) and is a member of the Chicago Board Options Exchange (CBOE).

The Company clears transactions on a fully disclosed basis and does not carry customer accounts and is exempt from Securities and Exchange Commission Rule 15c3-3 under paragraph k (2)(ii).

The following is a summary of significant accounting policies followed by the Company:

**Accounting Method**

Assets, liabilities, income and expenses are recorded on the accrual basis of accounting.

**Revenue Recognition**

The Company records all securities transactions, including commission revenue and related expenses, on a settlement-date basis. There is no material difference between settlement date and trade date.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

**Cash and Cash Equivalents**

Cash equivalents include short-term highly liquid investments, such as short-term deposits. Cash and cash equivalents consist primarily of cash and money market funds held primarily at two major financial institutions.

**Other Comprehensive income (loss)**

The Company presents other comprehensive income in accordance with ASC Section 220, Comprehensive Income. This section requires that an enterprise (a) classify items of other comprehensive income by their nature in a financial statement and (b) display the accumulated balance of other comprehensive income separately from retained earnings and additional paid in capital in the equity section of a statement of position. The Company reports its unrealized gains and losses on investments in securities, net of deferred taxes, as other comprehensive income (loss) in its financial statements.

**U.S. SECURITIES INTERNATIONAL CORP.****NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2013****NOTE 1--(cont.)****Assets and liabilities measured at fair value**

The Company uses the following hierarchy to prioritize the inputs used in measuring fair value in accordance with SFAS No. 157, Fair Value Measurements.

Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted market prices included within Level 1 that are either directly or indirectly observable;

Level 3 - Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

Financial instruments including cash and cash equivalents, marketable securities, accounts payable and accrued expenses are carried in the financial statements at amounts that approximate fair value at September 30, 2013. Investments were valued using Level 1 inputs.

**NOTE 2-- Receivable from and Deposit with Clearing Broker**

The Company's clearing operations are provided by a nationally recognized clearing broker. At September 30, 2013 the amount receivable from clearing broker reflected in the Statement of Financial Condition is due from this clearing broker in connection with such services.

The same clearing broker acts as custodian for money market mutual fund shares.

**NOTE 3- Investment in Marketable Securities**

Investments are classified as available-for-sale according to the provisions of ASC Section, 320, Investments - Debt & Equity Securities. Accordingly, the investments in marketable securities are carried at fair value with unrealized gains and losses reported separately in other comprehensive income. Realized gains and losses are calculated using the original cost of those investments.

In June 2010, the Company received 80,000 shares of CBOE holding Corp. in place of its previously held membership exchange seat when the CBOE completed its initial public offering. The Company originally valued the CBOE membership exchange seat at \$1 when it was received in 1974 from Fidelity Management and Research Company. The Company basis in the CBOE shares is similarly \$1.

**U.S. SECURITIES INTERNATIONAL CORP.****NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2013****NOTE 3- Investment in Marketable Securities (cont):**

The carrying amounts of investments in marketable securities as shown in the balance sheet and their approximate market values at September 30, 2013 were as follows:

Investments in marketable securities, at cost	\$ ( 3,431)
Net unrealized gain	<u>2,125,948</u>
Investments in marketable securities, at market	<u>\$ 2,122,517</u>

**NOTE 4 -- Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission ("SEC") Net Capital Rule, 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.

As of September 30, 2013 the Company had net capital of \$1,573,435 which was \$1,519,255 in excess of the minimum net capital. The Company's ratio of aggregate indebtedness to net capital was 1.94 to 1.

The Company clears all transactions with and for customers on a fully disclosed basis with a clearing broker. Accordingly, the Company is exempt from the requirements of SEC Rule 15c3-3. Under its clearing agreement, the Company could ultimately be held liable for the non-performance of its customers.

**NOTE 5 -- Commitments and Contingent Liabilities****Lease**

By agreement the original lease dated September 30, 2003 was amended extending the term of the original lease for 3 years commencing on December 1, 2013 and expiring on November 30, 2016. The lease requires monthly payments of \$6,128 per month throughout the lease. The lease is subject to escalations based on taxes and other costs. At September 30, 2013, future minimum payments are as follows:

2013	\$ 73,530
2014	73,530
2015	12,255

Rent expense for the year ended September 30, 2013 under this lease, amounted to \$80,156. The difference between the actual rent expense incurred by the Company and the minimum annual rental payments as reported in the prior year's financial statements is due to real estate and porter wage escalation charges.

**U.S. SECURITIES INTERNATIONAL CORP.****NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2013****NOTE 6 -- Related party transactions,**

At September 30, 2013 the Company advanced funds \$366,189 to its employees. These advances do not bear interest.

The Company rents property on a monthly basis from a firm owned by an executive officer and shareholder of the Company, for the purpose of record retention and data security. For the year ended September 30, 2013, such rental payments aggregated \$18,000 and are included in operations.

**NOTE 7-- Income Taxes**

There is no provision for income tax for the year ended September 30, 2012. The Company has net operating losses greater than its income

Deferred income tax provision:

Federal	\$ 502,740
Deferred income tax provision - prior period	<u>531,452</u>
Deferred income tax provision - current period	<u>\$ 28,712</u>

Deferred tax liabilities are recorded when revenues and expenses are recognized in different periods for financial and income tax reporting purposes. The Company's deferred tax liabilities are primarily a result of an unrealized gain on the shares of CBOE received in an IPO in June, 2010, which is not taxable to the Company until such shares are sold.

The deferred income tax provision provided above is netted against the unrealized gain that is reflected as accumulated other comprehensive income.

The Company files its tax returns on a June 30 fiscal year. For the year ending June 30, 2013, the Company incurred corporate taxes of \$ 6,021, which was based on minimum and alternative tax rates imposed by state and local governments.

**U.S. SECURITIES INTERNATIONAL CORP.****NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2013****NOTE 9-Pension Plan**

The Company has a qualified, self-directed, defined contribution pension plan covering employees. For the year ended September 30, 2013, the Company contributed \$ 86,921 to the plan, an amount equal to 25% of each participant's compensation for the period October 1, 2012 through September 30, 2013.

**NOTE 10 -- Off Balance Risk**

Pursuant to a clearing agreement, the Company introduces all its securities transactions to its clearing broker on a fully disclosed basis. All of the customers' money balance and long and short security positions are carried on the books of the clearing broker. In accordance with the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying transactions introduced by the Company and must maintain, at all times, net capital of not less than \$5,000. In accordance with industry practice and regulatory requirements, the Company and the clearing broker monitor collateral on the customers' accounts.

In the normal course of business, the Company's customer activities involve the execution, settlement and financing of various customer securities transactions. These activities may expose the Company to off balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

**NOTE 11 -- Concentration of Credit Risk**

The Company maintains its cash in financial institutions, which at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not subject to any significant credit risk on cash.

**NOTE 12 — Subsequent Events**

Management has evaluated all subsequent events through November 20, 2013 the date that these financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**U.S. SECURITIES INTERNATIONAL CORP..****COMPUTATION OF NET CAPITAL****YEAR ENDED SEPTEMBER 30, 2013****Computation of Net Capital:**

1.	Total Ownership Equity	\$2,016,914
2.	Add: Other Allowable Credits	
	Deferred taxes payable	<u>531,452</u>
		\$2,548,366
3.	Less: Ownership Equity not allowed for net capital	<u>366,189</u>
		2,182,177
4.	Less: Haircuts on Securities	<u>608,558</u>
	Net Capital	<u>\$1,573,619</u>

**Computation of Basic Net Capital Requirement**

1.	Minimum Net Capital Required - (6 2/3% Aggregate Indebtedness)	54,364
2.	Minimum Dollar Net Capital	5,000
3.	Net Capital Requirement	54,364
4.	Net Capital	<u>1,573,619</u>
5.	Excess Net Capital	<u>\$1,519,255</u>

**Computation of Aggregate Indebtedness**

6.	Total Liabilities	\$ 815,053
7.	Non Aggregate Indebtedness Liabilities	<u>          -</u>
		<u>\$ 815,053</u>

"See Accompanying Notes and Accountants' Report"

**U.S. SECURITIES INTERNATIONAL CORP.****RECONCILIATION OF NET CAPITAL****YEAR ENDED SEPTEMBER 30, 2013**

Audited Net Capital	\$ <u>1,573,619</u>
Net Capital per Focus Part IIA	\$ <u>1,581,034</u>
Difference	<u>7,415</u>
Securities	3,295
Due from Broker	( 3,476)
Accrued expenses	3,726
Haircuts	4,870
Cash	<u>( 1,000)</u>
	\$ <u>7,415</u>

"See Accompanying Notes and Accountants' Report"

**U.S. SECURITIES INTERNATIONAL CORP..****EXPENSES****YEAR ENDED SEPTEMBER 30, 2013**

Clearing Charges	\$ 109,966
Compensation	852,161
Director's Fees	200,000
Regulatory Fees	1,893
Sales and Marketing	49,238
Communications	14,947
Occupancy	80,156
Insurance	22,358
Execution Fees	36,032
Professional Fees	27,125
Operations	<u>54,451</u>
	<u>\$ 1,448,327</u>

"See Accompanying Notes and Accountants' Report"

**MICHAEL DAMSKY CPA, P.C.**  
**260 MIDDLE COUNTRY ROAD**  
**SELDEN, NEW YORK 11784**

Tel 631-595-2073  
Fax 631-586-9398

MEMBER:

**PUBLIC COMPANY ACCOUNTING  
OVERSIGHT BOARD**

**NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS**

November 20, 2013

U.S. Securities International Corp.  
New York, New York

In planning and performing our audit of the financial statements of US Securities International Corp. (the "Company") as of and for the year ended September 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3

Management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

*A control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

*A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control would not necessarily identify all deficiencies in internal control that might be material weaknesses. However, we identified the following deficiency in internal control that we consider to be a significant deficiency. These conditions were considered in determining the nature, timing, and extent of the procedures performed in our audit of the financial statements of U.S. Securities International Corp. as of and for the year ended September 30, 2012, and this report does not affect our report thereon dated November 20, 2013. During the course of our audit, we noted that the Company prepared its focus filing before completing all journal entries. These errors could result in significant misstatements in the focus filing and general ledger accounts. For the year ended September 30, 2013 no significant errors were found

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at September 30, 2013, to meet the SEC's objectives, except for the material weakness noted above.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

**Michael Damsky**

**MICHAEL DAMSKY CPA, P.C.**  
Certified Public Accountant  
Deer Park, New York  
November 20, 2013

**MICHAEL DAMSKY CPA, P.C.  
260 MIDDLE COUNTRY ROAD  
SELDEN, NEW YORK 11784**

Tel 631-595-2073  
Fax 631-586-9398

MEMBER:

**PUBLIC COMPANY ACCOUNTING  
OVERSIGHT BOARD**

**NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS**

November 20, 2013

To the Board of Directors  
US Securities International Corp.  
New York, New York

We have examined the financial statements of US Securities International Corp as required by the Financial Industry Regulatory Authority and the Securities and Exchange Commission as of September 30, 2013 and have issued a report thereon dated November 20, 2013. In accordance with rule 17a-5(e) (4) of the Securities and Exchange Commission, we have performed the following procedures with respect to the accompanying schedule (Form SIPC-7) of Securities Investor Protection Corporation assessments and payments of US Securities International Corp for the year ended September 30, 2013. Our procedures were performed to solely to assist you in complying with rule 17a-5(e)(4), and our report is not to be used for any other purpose. The procedures we performed were as follows:

1. Compared listed assessment payments with respective cash disbursement records entries;
2. Compared amounts reported on the audited form X-17A-5 for the period October 1, 2012 to September 30, 2013, with the amounts reported in the General Assessment Reconciliation (Form SIPC-7);
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting adjustments; and
5. Compared the amount of any overpayment applied with the Form SIPC-7 on which it was computed.

Because the above procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on the schedule referred to above. The company prepared the SIPC-7 before all adjustments were made. In connection with the procedures referred to above, we noted that the company prepared the SIPC-7 before all adjustments were made, resulting in a small overpayment. This report relates only to the schedule referred to above and does not extend to any financial statements of US Securities International Corp taken as a whole.

Very truly yours,

**Michael Damsky**

**MICHAEL DAMSKY CPA, P.C.**  
Certified Public Accountant  
Deer Park, New York  
November 20, 2013