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

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	April 30, 2013
Estimated average burden per response:	12.00



14030026

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

SEC  
Mail Processing  
Section

FEB 27 2014

Washington DC  
404

SEC FILE NUMBER
8-35536

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 01/01/13 AND ENDING 12/31/13  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Mack Investment Securities, Inc.

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

1939 Waukegan Rd., Suite 300

(No. and Street)

Glenview

(City)

IL

(State)

60025

(Zip Code)

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

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Frost, Ruttenberg & Rothblatt, P.C.

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

111 S. Pfingsten Rd, Ste 300

(Address)

Deerfield

(City)

IL

(State)

60015

(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)

3/14/14

OATH OR AFFIRMATION

I, Stephen W. Mack, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Mack Investment Securities, Inc., as of December 31, 20 13, 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:

None



[Signature]  
Notary Public

[Signature]  
Signature  
PRESIDENT  
Title

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).

**Mack Investment Securities, Inc. and  
Mack Investment Insurance Brokerage, Inc.**

**Financial Statement  
and Auditor's Report**

**December 31, 201~~5~~**

**Mack Investment Securities, Inc. and  
Mack Investment Insurance Brokerage, Inc.  
December 31, 2013**

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## Independent Auditor's Report

### Board of Directors

Mack Investment Securities, Inc. and Mack Investment Insurance Brokerage, Inc.

### Report on the Combined Financial Statement

We have audited the accompanying combined statement of financial condition of Mack Investment Securities, Inc. and Mack Investment Insurance Brokerage, Inc. (the "Company") as of December 31, 2013, that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the combined statement of financial condition.

### Management's Responsibility for the Combined Financial Statement

Management is responsible for the preparation and fair presentation of the combined financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined financial statement that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the combined financial statement 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 combined financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the combined financial statement in order to design audit 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the combined financial statement referred to above present fairly, in all material respects, the combined financial position of Mack Investment Securities, Inc. and Mack Investment Insurance Brokerage, Inc. as of December 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

*Frost, Ruttenberg & Rothblatt, P.C.*

February 22, 2014  
Deerfield, Illinois

## **Financial Statement**

**Mack Investment Securities, Inc. and  
Mack Investment Insurance Brokerage, Inc.  
Combined Statement of Financial Condition  
December 31, 2013**

**ASSETS**

Cash and cash equivalents	\$ 187,218
Receivable from and deposit with clearing broker-dealer	27,864
Commissions and advisory fees receivable	218,498
Furniture, equipment and leasehold improvements, net of accumulated depreciation of \$295,607	-
Other assets	<u>7,019</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 440,599</u></b>

**LIABILITIES AND EQUITY**

Accrued commissions	<u>\$ 118,468</u>
<b>TOTAL LIABILITIES</b>	<b>118,468</b>
<b>EQUITY</b>	<b><u>322,131</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>\$ 440,599</u></b>

See accompanying notes.

**Mack Investment Securities, Inc. and  
Mack Investment Insurance Brokerage, Inc.  
Notes to Combined Statement of Financial Condition  
December 31, 2013**

**Note (1) Nature of Operations and Summary of Significant Accounting Policies**

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**A. Nature of Operations**

Mack Investment Securities, Inc. ("MIS"), an Illinois corporation, was incorporated on January 16, 1986. MIS is a broker-dealer registered with the Securities and Exchange Commission and is also a registered investment advisor. MIS provides brokerage services to retail customers. As an investment advisor, MIS provides investment management services to individuals, trusts, retirement plans and corporations. Mack Investment Insurance Brokerage, Inc. ("MII") is a registered insurance agency that sells variable life and fixed annuities. MIS and MII are licensed to do business in most states in the United States of America.

The accompanying combined statement of financial condition reflect the accounts of MIS and MII (collectively, the "Company"), which are under common ownership and management. All significant intercompany transactions have been eliminated in combination.

**B. Cash Flows**

The Company considers cash equivalents to be all highly liquid investments with a maturity of three months or less when purchased.

**C. Cash Balances in Excess of Insured Amounts**

The Company maintains its cash in accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses due to these limits.

**D. Commissions and Advisory Fees Receivable and Payable**

Commissions and advisory fees receivables represent commission due to the Company from the sale of financial products and are recorded at net realizable value consisting of the carrying amount less an allowance for uncollectible accounts, as needed. Commissions payable represent amounts due to the Company's sales representatives in connection with the sale of financial products.

The Company uses the allowance method to account for uncollectible receivable balances. Under the allowance method, if needed, an estimate of uncollectible balances is made based upon expected actual write-offs. Factors used to establish an allowance include the credit quality of the customer and whether the balance is significant. Accounts are considered past due once the unpaid balance is 90 days or more outstanding, unless payment terms are extended by contract. Management did not deem an allowance account necessary as of December 31, 2013.

**E. Property and Equipment**

Property and equipment are carried at cost. Depreciation is provided using the straight-line method over 7-10 years.



**Mack Investment Securities, Inc. and  
Mack Investment Insurance Brokerage, Inc.  
Notes to Combined Statement of Financial Condition  
December 31, 2013**

**Note (1) Nature of Operations and Summary of Significant Accounting Policies – Continued**

**F. Revenue recognition**

Commission revenue and expenses are recorded on the trade-date. Investment advisory fees are recognized as earned and are primarily based on assets managed.

**G. Advertising**

The Company expenses advertising as incurred. Advertising expense was \$12,839 for the year ended December 31, 2013.

**H. Income Taxes**

The stockholder of the Company has elected to be taxed as a small business corporation under Internal Revenue Service Regulations; therefore, no provision for federal or state corporate income taxes is necessary. The income or loss is separately reported on the individual income tax returns of the stockholder for federal and state income tax purposes. The Company is responsible for state replacement taxes.

The Company accounts for any potential interest or penalties related to the possible future liabilities for unrecognized income tax benefits as appropriate. The Company is no longer subject to examination by tax authorities for federal, state or local income taxes for periods before 2010.

**I. Subsequent Events**

The Company evaluated all significant events or transactions that occurred through February 22, 2014, the date that the combined statement of financial condition was available to be issued.

**J. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 combined statement of financial condition and the reported amounts of revenues and expenses during the reporting period. While actual results may differ from those estimates, management does not expect the differences, if any, to have a material effect on the combined statement of financial condition.

**Mack Investment Securities, Inc. and  
Mack Investment Insurance Brokerage, Inc.  
Notes to Combined Statement of Financial Condition  
December 31, 2013**

**Note (2) Receivable From Broker-Dealers and Clearing Organizations**

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The Company clears its proprietary and customer transactions through another broker-dealer on a fully disclosed basis. At December 31, 2013, the Company had amounts due from these broker-dealers and clearing organizations totaling \$27,864.

**Note (3) Net Capital Requirement**

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The Company is subject to the SEC 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 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2013, the Company had net capital of \$219,298, which was \$169,298 in excess of its required net capital of \$50,000. The Company's net capital ratio was .54 to 1.

**Note (4) Lease**

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The Company leases office space under an operating lease that expires in 2014. Future minimum rental payments to be paid by the Company, in the aggregate and for the next year, are as follows:

2014	\$	26,754
<b>Total</b>	<b>\$</b>	<b>26,754</b>

Rent expense was \$52,948 for the year ended December 31, 2013.

In addition, the Company subleases a portion of its office space on a month-to-month basis. Receipts under the subleases, recorded in other income, totaled \$7,193 for the year ended December 31, 2013.

**Note (5) Employee Benefit Plan**

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The Company maintains a profit sharing plan with a 401(k) provision covering all eligible employees. The Company contributes a percentage of salaries, matches participant contributions and may make discretionary contributions to the plan, subject to certain limitations as set forth in the plan agreement. Profit sharing expense was \$4,500 for the year ended December 31, 2013.

**Mack Investment Securities, Inc. and  
Mack Investment Insurance Brokerage, Inc.  
Notes to Combined Statement of Financial Condition  
December 31, 2013**

**Note (6) Financial Instruments With Off-Balance-Sheet Risk**

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In the normal course of business, the Company's customer activities involve the execution and settlement 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 (7) Concentrations of Credit Risk**

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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.