



14040592

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

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

MR

SEC  
Mail Processing  
Section

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

SEC  
Mail Processing  
Section

SEC FILE NUMBER  
8-38066

JUN 13 2014

JUN 13 2014

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 04/01/13 AND ENDING 03/31/14  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

KJM SECURITIES, INC

OFFICIAL USE ONLY  
FIRM ID. NO.

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

48 SAGAMORE ROAD, #29  
(No. and Street)

BRONXVILLE NEW YORK 10708-1534  
(City) (State) (Zip Code)

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

KOSTA J. MOUSTAKAS, PRESIDENT (914) 793-7043  
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

VB&T Certified Public Accountants, PLLC  
(Name - if individual, state last, first, middle name)

250 West 57<sup>TH</sup> Street, Suite 1632 New York New York 10107  
(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

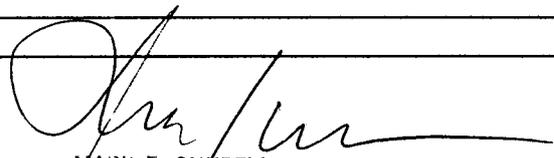
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

**OATH OR AFFIRMATION**

I, **Kosta J. Moustakas, President**, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of **KJM Securities, Inc., (Company)**, as of **March 31, 2014**, 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:

\_\_\_\_\_

\_\_\_\_\_

  
 MARK F. SHKRELI  
 Notary Public, State of New York  
 No. 03-4996849  
 Qualified in Bronx County  
 Cert. Filed in Westchester County  
 Commission Expires 05/26/14

  
 Kosta J. Moustakas, President

Sworn and subscribed to before me this 12 day of JUNE, 2014.

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

	<b>Page</b>
Independent Certified Public Accountants' Report.	1 - 2
(x) (a) Facing page.	
(x) (b) Balance Sheet.	3
(x) (c) Statement of Operations.	4
(x) (d) Statement of Cash Flows.	5
(x) (e) Statement of Changes in Stockholder's Equity.	6
( ) (f) Statement of Changes in Subordinated Liabilities (not applicable).	
(x) Notes to Financial Statements.	7 - 8
(x) (g) Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934.	9
( ) (h) Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.	
( ) (i) Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 (not applicable).	
( ) (j) A Reconciliation, including Appropriate Explanations, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Rule 15c3-3 (not required).	
( ) (k) A Reconciliation Between the Audited and Unaudited Consolidated Statements of Financial Condition With Respect to Methods of Consolidation (not applicable).	
(x) (l) An Affirmation.	
(x) (m) A Copy of the SIPC Supplemental Report.	10 - 11
(x) (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Supplemental Report on Internal Control).	12 - 13

# VB&T

Certified Public Accountants, PLLC

250 W57th Street  
Suite 1632  
New York, NY 10107  
T:1.212.448.0010  
F:1.888.99.PCAOB (72262)

E-mail:  
[fvb@getcpa.com](mailto:fvb@getcpa.com)  
[rtse@getcpa.com](mailto:rtse@getcpa.com)  
[info@getcpa.com](mailto:info@getcpa.com)  
[www.getcpa.com](http://www.getcpa.com)

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
KJM Securities, Inc

### **Report on the Financial Statements**

We have audited the accompanying balance sheet of KJM Securities, Inc., (the "Company") as of March 31, 2014, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 financial statements.

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

**Registered with the Public Company Accounting Oversight Board  
Member of the American Institute of Certified Public Accountants**

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KJM Securities, Inc. as of March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained on page 9 is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information on page 9 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on page 9 is fairly stated in all material respects in relation to the financial statements as a whole.

*VB&T CERTIFIED PUBLIC ACCOUNTANTS, PLLC*

New York, NY  
May 31, 2014

**Registered with the Public Company Accounting Oversight Board  
Member of the American Institute of Certified Public Accountants**

**KJM SECURITIES, INC**  
**BALANCE SHEET**  
**MARCH 31, 2014**

ASSETS

Cash	\$ 22,852
Other receivable	<u>14,136</u>
Total Assets	<u><u>\$ 36,988</u></u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:

Accounts payable and accrued expenses	\$ 18,742
Payable to clearing broker	<u>34</u>
Total Liabilities	<u><u>18,776</u></u>

Stockholder's Equity:

Common stock - \$.01 par value	
10,000 shares authorized, issued and outstanding	100
Additional paid-in capital	9,900
Retained earnings	<u>8,212</u>
Total Stockholder's Equity	<u><u>18,212</u></u>
Total Liabilities and Stockholder's Equity	<u><u>\$ 36,988</u></u>

The accompanying notes are an integral part of these financial statements.

**KJM SECURITIES, INC**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

Revenues:	
Commissions and fees	<u>\$ 1,119,397</u>
Total Revenues	<u>1,119,397</u>
Costs and Expenses:	
Commissions/compensation and benefits	1,039,048
Rent	27,836
Clearing costs and expenses	13,599
Utilities	3,349
Regulatory fees	7,798
Professional fees	1,927
Office supplies and expenses	23,116
SIPC fee	2,640
NYS Corporation Taxes	205
Total Costs and Expenses	<u>1,119,518</u>
Net Operating Loss	(121)
Interest income	<u>8</u>
Net Loss	<u><u>\$ (113)</u></u>

The accompanying notes are an integral part of these financial statements.

**KJM SECURITIES, INC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

Cash Flows Used By Operating Activities:	
Net Loss	\$ (113)
Adjustment to reconcile net loss to net cash (used) by operating activities:	
Changes in operating assets and liabilities:	
Decrease in receivable from clearing broker	1,862
Decrease in other receivable	8,240
(Decrease) in accounts payable and accrued expenses	(39,851)
Increase in payable to clearing broker	<u>34</u>
Net cash (used) by operating activities	<u>(29,828)</u>
Cash flows from investing activities:	
Cash flows from financing activities:	
Net decrease in cash	<u>(29,828)</u>
Cash at beginning of year	<u>52,680</u>
Cash at end of year	<u>\$ 22,852</u>
Supplemental disclosures of cash flow information:	
Cash paid during the period for:	
Income taxes	\$ <u>205</u>

The accompanying notes are an integral part of these financial statements.

**KJM SECURITIES, INC**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEAR ENDED MARCH 31, 2014**

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained earnings</u>	<u>Total Stockholder's Equity</u>
Balances, April 1, 2013	\$ 100	\$ 9,900	\$ 8,325	\$ 18,325
Net Loss	<u>-</u>	<u>-</u>	<u>(113)</u>	<u>(113)</u>
Balances, March 31, 2014	<u>\$ 100</u>	<u>\$ 9,900</u>	<u>\$ 8,212</u>	<u>\$ 18,212</u>

The accompanying notes are an integral part of these financial statements.

**KJM SECURITIES, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

1. **ORGANIZATION AND NATURE OF BUSINESS**

KJM Securities, Inc. (Company) was incorporated on October 16, 1986 in the State of New York as a broker-dealer in securities transactions under the Securities Exchange Act of 1934. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company has adopted March 31 as its year end.

The Company clears all of its transactions through security clearing brokers. The Company acts as a broker-dealer and is exempt from Securities and Exchange Commission Rule 15c3-3 under paragraph k(2)(ii) since it uses other security firms for clearing.

Pursuant to agreements between the Company and National Financial Services LLC (NFS), all securities transactions of the Company are cleared and its customers are introduced and cleared on a fully disclosed basis. The Company is exempt from provisions of Rule 15c3-3 and is not responsible for compliance with Section 4(c) of Regulation T of the Board of Governors of the Federal Reserve System, as all customers' accounts, as defined by such rules are carried by NFS.

2. **SIGNIFICANT ACCOUNTING POLICIES**

**Revenue Recognition**

The Company's financial statements are prepared using the accrual method of accounting.

The Company receives commission income in accordance with the terms of an agreement with the clearing agent. Commission income is recognized on the settlement date of purchase or sales transaction.

Fees are recognized when services are completed and the revenues are reasonably determined, unless the service is rendered on a contingent fee basis, in which case revenues are recognized upon satisfaction of the contingency.

**Use of Estimates**

The financial statements are presented in accordance with generally accepted accounting principles and prevailing industry practices, both of which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at March 31, 2013, as well as the reported amounts of revenues and expenses during the year then ended. Estimates, by their nature, are based on judgment and available information. Management believes that the estimates utilized in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates.

**KJM SECURITIES, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**Income Taxes**

The Company complies with FASB ASC 741-10-1 through 25 (formerly SFAS No. 109, "Accounting for Income Taxes") which require an asset and liability approach to the financial accounting and reporting for income taxes.

**3. NET CAPITAL REQUIREMENTS**

The Company is a member of the FINRA and subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital of \$5,000 and requires the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At March 31, 2014 the Company had net capital of \$4,078 which was below the minimum requirement of \$5,000

**4. CONTINGENCIES**

In the normal course of business, the Company is engaged in various trading and brokerage activities on a principal and agency basis through a clearing broker.

In connection with these activities, a customer's unsettled transactions may expose the Company to off-balance-sheet risk in the event the customer is unable to fulfill its contractual obligations.

Significant credit exposure may result in the event that the Company's clearing broker is unable to fulfill their contractual obligation.

**5. COMMITMENTS AND RELATED PARTY TRANSACTIONS**

The Company sub-leases office space in the Village of Bronxville, New York from Gramgar, Inc., a related party, under an operating lease. The Company paid \$27,836 to Gramgar, Inc. during the year ending March 31, 2014.

**6. CONCENTRATION OF CREDIT RISK**

Financial instruments which potentially expose the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

The Company has not experienced any losses in such accounts.

**7. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through May 31, 2014, which is the date the financial statements were available to be issued.

**KJM SECURITIES, INC**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE**  
**SECURITIES AND EXCHANGE COMMISSION**  
**MARCH 31, 2014**

NET CAPITAL:	
Total stockholder's equity	\$ 18,212
Deductions and/or charges:	
Non-allowable assets:	-
Net capital before haircuts on securities positions	<u>18,212</u>
Haircuts on securities positions	<u>          </u>
Net Capital	<u><u>\$ 18,212</u></u>
AGGREGATE INDEBTEDNESS:	
Items included in the statement of financial condition:	
Accounts payable and accrued expenses	<u><u>\$ 18,776</u></u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:	
Minimum net capital required	<u><u>\$ 5,000</u></u>
Excess net capital	<u><u>\$ 13,212</u></u>
Net capital less greater of 10% of total AI or 120% of minimum net capital	<u><u>\$ 12,212</u></u>
Ratio: Aggregate indebtedness to net capital is	<u><u>103%</u></u>

The difference between the computation of net capital as computed above and as reported by the Company in Part IIA of Form X-17a-5 as of March 31, 2014 is attributable to the following:

Net capital was report by Company	\$ 14,195
Adjustment of accounts receivable	4,232
Adjustment of accounts payable	(99)
Adjustment of cash balance	(116)
Net capital per audited report	<u><u>\$ 18,212</u></u>

SIPC-7

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION

P.O. Box 92185 Washington, D.C. 20090-2185  
202-371-8300

General Assessment Reconciliation

SIPC-7

(33-REV 7/10)

For the fiscal year ended 3/31/2014

(Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

038066 FINRA MAR  
KJM SECURITIES INC  
PO BOX 734  
BRONXVILLE NY 10708-0734

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

- 2. A. General Assessment (item 2e from page 2) \$ 2040
- B. Less payment made with SIPC-6 filed (exclude interest) (723)  
10/29/13  
Date Paid
- C. Less prior overpayment applied (\_\_\_\_\_)
- D. Assessment balance due or (overpayment) \_\_\_\_\_
- E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum \_\_\_\_\_
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 1917
- G. PAID WITH THIS FORM:  
Check enclosed, payable to SIPC  
Total (must be same as F above) \$ 1,917
- H. Overpayment carried forward \$(\_\_\_\_\_)

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

KJM Securities Inc  
(Name of Corporation, Partnership or other organization)  
Kjatz Mouskhalov  
(Authorized Signature)  
President  
(Title)

Dated the 30 day of May, 20 14.

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates: \_\_\_\_\_  
Postmarked \_\_\_\_\_ Received \_\_\_\_\_ Reviewed \_\_\_\_\_  
Calculations \_\_\_\_\_ Documentation \_\_\_\_\_ Forward Copy \_\_\_\_\_  
Exceptions:  
Disposition of exceptions:

## DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT

Amounts for the fiscal period  
beginning 4/01/2013  
and ending 3/31/2014

Item No.	Eliminate cents
2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)	\$ <u>1,116,657</u>
2b. Additions:	
(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.	_____
(2) Net loss from principal transactions in securities in trading accounts.	_____
(3) Net loss from principal transactions in commodities in trading accounts.	_____
(4) Interest and dividend expense deducted in determining item 2a.	_____
(5) Net loss from management of or participation in the underwriting or distribution of securities.	_____
(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.	_____
(7) Net loss from securities in investment accounts.	_____
Total additions	_____
2c. Deductions:	
(1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.	_____ <u>34426</u> _____
(2) Revenues from commodity transactions.	_____
(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.	_____ <u>26102</u> _____
(4) Reimbursements for postage in connection with proxy solicitation.	_____
(5) Net gain from securities in investment accounts.	_____
(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.	_____
(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).	_____
(8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):	_____
(Deductions in excess of \$100,000 require documentation)	
(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.	\$ _____
(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).	\$ _____
Enter the greater of line (i) or (ii)	_____
Total deductions	_____ <u>60528</u> _____
2d. SIPC Net Operating Revenues	\$ <u>1,056,129</u>
2e. General Assessment @ .0025	\$ <u>2640</u>

## Independent Accountants Agreed-Upon Procedures Report on Schedule of Assessments and Payments (Form SIPC-7)

To the Board of Directors of  
KJM Securities, Inc

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [Transitional Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended March 31, 2014, which were agreed to by KJM Securities, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC solely to assist you and the other specified parties in evaluating KJM Securities, Inc's compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7). KJM Securities, Inc's management is responsible for the KJM Securities, Inc's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended March 31, 2014 as applicable, with the amounts reported in Form SIPC-7 for the year ended March 31, 2014, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties

*VB&T CERTIFIED PUBLIC ACCOUNTANTS, PLLC*

New York, NY  
May 31, 2014

**Registered with the Public Company Accounting Oversight Board  
Member: American Institute of Certified Public Accountants**



Certified Public Accountants, PLLC

250 W57th Street  
Suite 1632  
New York, NY 10107  
T:1.212.448.0010  
F:1.888.99.PCAOB (72262)

E-mail:  
[fvb@getcpa.com](mailto:fvb@getcpa.com)  
[rtse@getcpa.com](mailto:rtse@getcpa.com)  
[info@getcpa.com](mailto:info@getcpa.com)  
[www.getcpa.com](http://www.getcpa.com)

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
REQUIRED BY SEC RULE 17a-5 (g) (1)**

To the Board of Directors of  
KJM Securities, Inc

In planning and performing our audit of the financial statements of KJM Securities, Inc. (the "Company"), as of and for the year ended March 31, 2014, 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 do not express an opinion on the effectiveness of the Company's internal control.

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 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 (or aggregate debits) and net capital under Rule 17a-3(a)(11) and 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 quarterly securities examinations, counts, verifications, and comparisons and 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

The 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 previously 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 deficiency in internal control 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 and correct, 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 was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

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 March 31, 2014, to meet the SEC's objectives.

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.

*VB&T CERTIFIED PUBLIC ACCOUNTANTS, PLLC*

New York, NY  
May 31, 2014