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

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

SEC FILE NUMBER  
8- 46896

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 07/01/2013 AND ENDING 06/30/2014  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Phillips & Company Securities, Inc.

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
1300 SW Fifth Avenue, Suite 2100

Portland Oregon 97201  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Kelly Cowing 503-224-0858  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Moss Adams LLP

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

805 SW Broadway, Suite 1200 Portland Oregon 97205  
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

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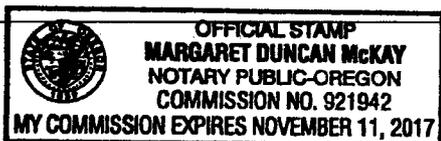
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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OATH OR AFFIRMATION

I, Kelly Cowing, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Phillips & Company Securities, Inc. of June 30, 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:



[Handwritten Signature]
Signature
Chief Financial Officer
Title

[Handwritten Signature]
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).

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**MOSS ADAMS** LLP  
Certified Public Accountants | Business Consultants

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors  
Phillips & Company Securities, Inc.

We have audited the accompanying statement of financial condition of Phillips & Company Securities, Inc. (the Company) as of June 30, 2014, and the related statement of income, changes in stockholder's equity, and cash flows for the year then ended. 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 of the Public Company Accounting Oversight Board (United States). 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 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 the Company as of June 30, 2014, 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.

Supplementary Schedule I – Computation of net capital under Rule 15c3-1 of the Securities and Exchange Commission has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. Supplementary Schedule I is the responsibility of management. Our audit procedures included determining whether Supplementary Schedule I reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in Supplementary Schedule I. In forming our opinion on Supplementary Schedule I, we evaluated whether the supplemental information including its form and content is presented in conformity with 17 C.F.R § 240.17a-5. In our opinion Supplementary Schedule I is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Moss Adams LLP*

Portland, Oregon  
August 27, 2014

**PHILLIPS & COMPANY SECURITIES, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**JUNE 30, 2014**

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	<u>June 30,</u> <u>2014</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 219,130
Commissions receivable – clearing broker	8,989
Employee and officer receivables	8,263
Deposit with clearing organization, restricted	50,000
Prepaid expenses and other assets	<u>1,325</u>
Total assets	<u>\$ 287,707</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 56,322
Payable to related party	2,362
Accrued compensation	<u>39,687</u>
Total liabilities	<u>98,371</u>
<b>COMMITMENTS AND CONTINGENCIES (Note 3)</b>	
<b>STOCKHOLDER'S EQUITY</b>	
Common stock – voting, no par value, 1,000,000 shares authorized, 200 shares issued and outstanding	\$ 50,000
Additional contributed capital	374,442
Accumulated deficit	<u>(235,106)</u>
Total stockholder's equity	<u>189,336</u>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<u><u>\$ 287,707</u></u>

**PHILLIPS & COMPANY SECURITIES, INC.**  
**STATEMENT OF INCOME**  
**YEAR ENDED JUNE 30, 2014**

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REVENUES

Commissions	\$ 940,408
Other revenues	<u>156,614</u>
Total revenues	<u>1,097,022</u>

EXPENSES

Compensation and benefits	726,442
Clearing and floor brokerage charges	85,371
Occupancy and equipment costs	59,596
Licenses and subscriptions	37,152
Legal and professional	26,244
Insurance	20,645
Travel	18,512
Communications	8,880
News and quotes service	6,077
Postage and printing	3,760
Other operating expenses	<u>52,971</u>
Total expenses	<u>1,045,650</u>

NET INCOME

\$ 51,372

**PHILLIPS & COMPANY SECURITIES, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**YEAR ENDED JUNE 30, 2014**

	Common Stock		Additional Contributed Capital	Accumulated Deficit	Total Stockholder's Equity
	Shares	Amount			
BALANCE, June 30, 2013	200	\$ 50,000	\$ 354,878	\$ (194,580)	\$ 210,298
Capital contributions	-	-	19,564	-	19,564
Dividends paid	-	-	-	(91,898)	(91,898)
Net income	-	-	-	51,372	51,372
BALANCE, June 30, 2014	<u>200</u>	<u>\$ 50,000</u>	<u>\$ 374,442</u>	<u>\$ (235,106)</u>	<u>\$ 189,336</u>

**PHILLIPS & COMPANY SECURITIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2014**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income	\$ 51,372
Adjustments to reconcile net income to net cash from operating activities:	
Operating expenses paid by stockholder and recognized as contributed capital	19,564
Change in cash and cash equivalents due to changes in certain assets and liabilities	
Commissions receivable – clearing brokers	2,451
Employee and officer receivables	(177)
Change in related party receivable/payable	(6,300)
Prepaid expenses and other assets	(699)
Accounts payable	21,166
Accrued compensation	<u>(21,234)</u>
Net cash from operating activities	<u>66,143</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Dividends paid	<u>(91,898)</u>
Net cash from financing activities	<u>(91,898)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(25,755)</b>
CASH AND CASH EQUIVALENTS, beginning of year	<u>244,885</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 219,130</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>	
Cash paid for interest during the year	<u><u>\$ 458</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITY</b>	
Contributed capital issued for payment of operating expenses	<u><u>\$ 19,564</u></u>

**PHILLIPS & COMPANY SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 1 – Organization and Summary of Significant Accounting Policies**

**Organization** – Phillips & Company Securities, Inc. (the Company) is an Oregon Corporation operating as a registered broker-dealer in securities and, until October 31, 2011, as a registered investment advisor, with the Securities and Exchange Commission and as a member of the Financial Industry Regulatory Authority (FINRA). The Company is currently engaged primarily in brokerage services and clears all transactions with and for customers on a fully-disclosed basis through Pershing LLC, its clearing broker-dealer. Customers are located throughout the United States. The Company is exempt from the reserve requirements under SEC Rule 15c3-3(k)(2)(ii), since it does not handle or carry customer securities and cash.

On October 31, 2011, pursuant to an Asset Purchase Agreement between the Company, its stockholder, and Phillips and Company Advisors, LLC (Advisors), the Company sold and transferred its interest in all registered investment advisory services to Advisors. As a result of this spin-off of advisory operations, certain assets and liabilities of an equivalent amount were transferred to Advisors and all revenue and expenses related to registered investment advisory services were recognized by Advisors following the effective date of the Asset Purchase Agreement.

Simultaneous to the completion of the Asset Purchase Agreement, the Company and Advisors executed an Expense Sharing Agreement whereby the Company and Advisors established a mechanism for the sharing of expenses. In accordance with the Expense Sharing Agreement, expenses may be shared on the basis of either (a) assets under management or (b) percentage of revenue. Current allocations, which are subject to periodic review and revision, provide for expense sharing based on assets under management to have 80% allocated to Advisors and 20% allocated to the Company. In addition, expense sharing based on revenues also have 80% allocated to Advisors and 20% allocated to the Company.

**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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant accounting estimates relate to the realization of receivable accounts and the allocation of expenses pursuant to the Expense Sharing Agreement. Actual results could differ from those estimates.

**Cash and cash equivalents** – Cash and cash equivalents include cash on hand, cash on deposit with banks, cash in brokerage accounts, and money market funds. For purposes of the statement of cash flows, the Company considers cash equivalents to be short-term investments with a maturity of three months or less. The Company occasionally maintains cash balances at banks in excess of federally insured limits.

**PHILLIPS & COMPANY SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 1 – Organization and Summary of Significant Accounting Policies (continued)**

**Commission revenue and expense** – Commission revenues and related clearing expenses are recorded on a trade-date basis after securities transactions have occurred. All other transactions are recorded by the accrual method of accounting. Commissions receivable represent amounts due to the Company from the clearing broker. Commissions receivable are recorded net of related expenses.

**Allowance for doubtful accounts** – The majority of transactions in client accounts are based on trades using funds already in the accounts or under terms of margin agreements and are considered fully collectible. On occasion, the clearinghouse will charge the Company for certain fees that could not be collected from the Company's clients. It is the Company's policy to pass these charges on to the appropriate broker. Accordingly, no allowance for doubtful accounts is considered necessary.

**Restricted clearing deposits** – The Company is required by its clearing broker to maintain a fixed amount in a clearing account. The Company has granted the clearing broker a security interest in this account. The clearing broker may access the account for any fees the Company owes to the clearing broker but has not paid. Interest earned on the account is paid monthly to the Company. As of June 30, 2014, the Company's restricted clearing deposit account balance was \$50,000.

**Advertising** – Advertising costs are charged to operations when incurred. Advertising and promotional expenses were not significant for the year ended June 30, 2014.

**Income taxes** – The Company has elected S Corporation status under the Internal Revenue Code. Under this provision, taxable income is generally taxed to the stockholder. The Company files its tax return on a calendar-year basis. While specific taxes still apply to an S Corporation, none of those taxes were applicable during the year ended June 30, 2014. Accordingly, no income tax expense or deferred income taxes are reflected in these financial statements.

The Company follows an accounting principle relating to uncertain tax positions that prescribes a recognition threshold and measurement process in accounting for uncertain tax positions and also provides guidance on various related matters such as de-recognition, interest, penalties, and disclosures required. These provisions have had no financial statement impact to the Company as the Company does not have any entity level uncertain tax positions. The Company files U.S. federal and various state income tax returns, which are subject to examination by the taxing authorities for years 2009 and later.

**PHILLIPS & COMPANY SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 1 – Organization and Summary of Significant Accounting Policies (continued)**

**Subsequent event evaluation** – Subsequent events are events or transactions that occur after the date of the statement of financial condition, but before financial statements are issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial condition, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial condition, but arose after that date and before the financial statements are issued.

The Company has evaluated subsequent events through August 27, 2014, which is the date the financial statements were available to be issued.

**Note 2 – Net Capital Requirement**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital; requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1; and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. As of June 30, 2014, the Company had net capital of \$179,645, which was \$79,645 in excess of its required net capital of \$100,000. The Company's ratio of aggregate indebtedness to net capital was 0.55 to 1 as of June 30, 2014. Additionally, the Company has agreed to maintain net capital of \$100,000 as part of its agreement with its clearing broker. As of June 30, 2014, the Company's excess net capital above the clearing broker's requirements was \$129,645.

The following reconciles the Company's net capital requirement to its stockholder's equity within its statement of financial condition:

Net capital, June 30, 2014 Focus Report, Part IIA	\$ 179,645
Add non-allowable assets:	
Employee and officer receivables	8,263
Prepaid expenses and other assets	1,325
Unsecured debits	103
	<hr/>
Total stockholder's equity from statement of financial condition	<u>\$ 189,336</u>

**PHILLIPS & COMPANY SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 3 – Commitments and Contingencies**

**Operating lease commitments** – The Company has entered into non-cancelable leases for office space and equipment. Under the terms of the cost sharing agreement discussed above, the Company's share of future minimum lease payments under non-cancelable operating leases is as follows:

Years ending June 30,	2015	\$	49,213
	2016		47,023
	2017		45,244
	2018		44,076
	2019		43,243
	Thereafter		<u>122,521</u>
		\$	<u>351,320</u>

Rent and lease expense for the year ended June 30, 2014 was \$50,537.

**Legal proceedings** – From time to time, the Company may become party to legal proceedings, claims, and regulatory actions which arise in the ordinary course of its business. Although the ultimate resolution of such matters cannot be predicted with certainty, management does not currently believe these matters will have a material impact on the Company.

The Company is obligated to settle transactions with brokers and financial institutions even if its clients fail to meet their obligations to the Company. Clients are required to complete their transactions on settlement date, generally three business days after trade date. If clients do not fulfill their contractual obligations, the Company may incur losses. The Company has established various procedures to reduce this risk, and management does not believe these matters will have a material impact on the Company.

**Note 4 – Related Party Transactions**

**Employee and officer receivables** – As of June 30, 2014, the Company held \$8,263 in receivables due from various employees and the sole stockholder of the Company. These receivable accounts are unsecured, without interest, and collected over a short term.

**Expense Sharing Agreement** – The Expense Sharing Agreement with Advisors requires the two companies to reimburse each other for shared expenses based on allocations relating to assets under management or revenues. As a result of this Agreement, the Company owed Advisors \$2,362 for expenses paid on its behalf as of June 30, 2014.

**PHILLIPS & COMPANY SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 5 – Employee Benefit Plan**

The Company maintains a defined contribution employee benefit plan (the Plan) qualified under section 401(k) of the Internal Revenue Code. Prior to January 1, 2014, the Company made matching contributions at the sole discretion of its Board of Directors. However, effective as of January 1, 2014, the Plan was amended to adopt employer safe harbor matching and profit sharing contributions. The employer safe harbor matching contribution amount is equal to the sum of 100% of the amount of participant elective deferrals that do not exceed 3% of participant compensation, plus 50% of the amount of participant elective deferrals that exceed 3% of participant compensation, but not to exceed 5% of participant compensation. The employer profit sharing contribution is made at the sole discretion of the Board of Directors. The Company recognized \$8,992 in expenses related to the Plan for the year ended June 30, 2014.

**Note 6 – Off-Balance Sheet Credit Risk**

The Company introduces all customer transactions in securities traded in U.S. securities markets to another broker-dealer on a fully-disclosed basis. The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to nonperformance by customers or counterparties. The Company monitors clearance and settlement of all customer transactions on a daily basis.

The Company's exposure to credit risk associated with the nonperformance of customers and counterparties in fulfilling their contractual obligations pursuant to these securities transactions can be directly impacted by volatile trading markets which may impair the customers' or counterparties' ability to satisfy their obligations to the Company.

In the event of nonperformance, the Company may be required to purchase or sell financial instruments at unfavorable market prices resulting in a loss to the Company. The Company does not anticipate nonperformance by customers and counterparties in the above situation.

**SUPPLEMENTARY INFORMATION**

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**PHILLIPS & COMPANY SECURITIES, INC.**  
**SCHEDULE I - COMPUTATION OF NET CAPITAL**  
**UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION**  
**JUNE 30, 2014**

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<b>COMPUTATION OF NET CAPITAL</b>	
Total stockholder's equity from statement of financial condition	\$ 189,336
Deduct nonallowable assets:	
Employee and officer receivables	(8,263)
Prepaid expenses and other assets	(1,325)
Unsecured debits	<u>(103)</u>
	<u>(9,691)</u>
Net capital	<u>\$ 179,645</u>
<b>AGGREGATE INDEBTEDNESS</b>	
Total items included in statement of financial condition	<u>\$ 98,371</u>
Total aggregate indebtedness	<u>\$ 98,371</u>
<b>COMPUTATION OF NET CAPITAL REQUIREMENT</b>	
Net capital requirement based on ratio of aggregated indebtedness	
\$98,371 x 6.67%	\$ 6,561
<b>MINIMUM DOLLAR NET CAPITAL REQUIREMENT</b>	\$ 50,000
<b>NET CAPITAL REQUIREMENT</b>	\$ 50,000
<b>EXCESS NET CAPITAL AT 1500%</b>	\$ 129,645
<b>EXCESS NET CAPITAL AT 1000%</b>	\$ 169,808
<b>RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL</b>	0.55 to 1

The computation of net capital pursuant to SEC Rule 15c3-1 as of June 30, 2014, computed by Phillips & Company Securities, Inc., in its Form X-17 A-5, Part IIA, as filed with the FINRA, does not differ materially from the above computation, which is based on audited financial statements.

**MOSS ADAMS** LLP  
Certified Public Accountants | Business Consultants

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S REVIEW OF  
MANAGEMENT'S STATEMENT REGARDING COMPLIANCE WITH CERTAIN EXEMPTION  
PROVISIONS UNDER SEC RULE 15c3-3 OF THE SECURITIES EXCHANGE ACT OF 1934**

To the Board of Directors  
Phillips & Company Securities, Inc.

We have reviewed management's statements, included in the accompanying Management's Statement Regarding Compliance with Certain Exemption Provisions Under Rule 15c3-3 of the Securities Exchange Act of 1934, in which (1) Phillips & Company Securities, Inc. (the Company) identified provision 17 C.F.R § 240.15c3-39k)(2)(ii) and (2) the Company stated that it met the identified exemption provisions throughout the most recent fiscal year without exception. Phillips & Company Securities Inc. management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the conditions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Moss Adams LLP*

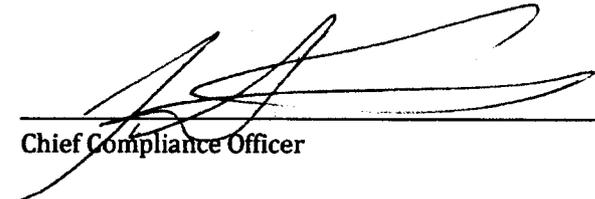
Portland, Oregon  
August 27, 2014

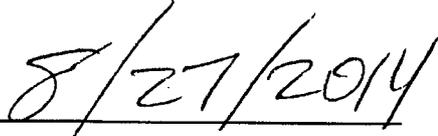
**MANAGEMENT STATEMENT REGARDING COMPLIANCE WITH CERTAIN EXEMPTION PROVISIONS UNDER RULE 15c3-3 OF THE SECURITIES EXCHANGE ACT OF 1934**

We, as members of management of Phillips & Company Securities, Inc. (the Company), are responsible for complying with the requirements of 17 C.F.R. §15c3-3, "The Customer Protection Rule," of the Securities Exchange Act of 1934 (the "Act"). We have performed an evaluation of the Company's compliance with the Customer Protection Rule as of June 30, 2014 and during the period from July 1, 2013 and June 30, 2014. Based on this evaluation, we assert that the Company was in compliance with the Act as described below:

- 1) The Company is exempt from the Customer Protection Rule under Paragraph (k)(2)(ii) as the Company is an introducing broker or dealer, who clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, and who promptly transmits all customer funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Rules 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer.
- 2) The Company met the identified exemption provisions throughout the most recent fiscal year without exception.

Phillips & Company Securities, Inc.

  
\_\_\_\_\_  
Chief Compliance Officer

  
\_\_\_\_\_  
Date

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON APPLYING  
AGREED-UPON PROCEDURES TO THE SIPC ASSESSMENT REQUIRED BY  
SEC RULE 17a-5**

To the Board of Directors  
Phillips & Company 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 General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the period from July 1, 2013 to June 30, 2014, which were agreed to by Phillips & Company Securities, Inc. (the Company) and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Company's management is responsible for the Company'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. In performing the procedures listed below, differences of less than \$5 were not considered a difference requiring reporting.

1. Compared listed assessment payments in Form SIPC-7, as summarized in Exhibit I to this report, with respective cash disbursement records consisting of copies of cancelled checks, noting no differences.
2. Compared amounts reported on the Company's annual filing of audited financial statements for the year ended June 30, 2014 with the amounts reported in Form SIPC-7 for the period from July 1, 2013 to June 30, 2014, noting no differences.
3. Compared adjustments reported in Form SIPC-7 with supporting schedules and working papers prepared by the Company, 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 adjustments in Form SIPC-7, noting no differences.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON APPLYING  
AGREED-UPON PROCEDURES TO THE SIPC ASSESSMENT REQUIRED BY  
SEC RULE 17a-5 (continued)**

5. We were unable to compare the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed as there was no such overpayment amount stated on Form SIPC-7 and management represented to us that no such overpayment exists.

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.

*Moss Adams LLP*

Portland, Oregon  
August 27, 2014

**EXHIBIT I**  
**SCHEDULE OF ASSESSMENT PAYMENTS TO THE**  
**SECURITIES INVESTOR PROTECTION CORPORATION**  
**FOR THE PERIOD FROM JULY 1, 2013 TO JUNE 30, 2014**

<u>Date Paid</u>	<u>Amount Paid</u>
January 30, 2014	\$ 1,308.69
August 5, 2014	<u>1,092.81</u>
	<u>\$ 2,401.50</u>