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

**SEC**  
**Mail Processing**  
**Section**

FEB 27 2014

SEC FILE NUMBER
8- 53621

Washington DC

**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: W.H. COLSON SECURITIES, INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
211 COMMERCE STREET, SUITE C

GREENVILLE (City) (No. and Street) NC (State) 27858 (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
WILLARD H. COLSON JR. 252 756-9902  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

WJB & Co., P.C.

1720 Epps Bridge Parkway (Name - if individual, state last, first, middle name)  
Suite 108-381 Athens GA 30606  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

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

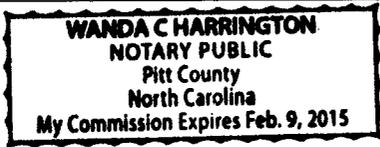
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

3/14/14

OATH OR AFFIRMATION

I, WILLARD H. COLSON JR., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of W.H. COLSON SECURITIES, INC., as of December 31, 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:



Willard H. Colson, Jr. Signature

PRESIDENT

Title

Wanda C Harrington 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).

**W.H. COLSON SECURITIES, INC.**

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FINANCIAL STATEMENTS FOR THE YEAR ENDED  
DECEMBER 31, 2013  
AND INDEPENDENT AUDITORS' REPORT

**WJB & Co., P.C.**

# **W.H. COLSON SECURITIES, INC.**

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# WJB & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
W.H. Colson Securities, Inc.  
Greenville, NC

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

We have audited the accompanying statement of financial condition of W.H. Colson Securities, Inc. (the Company) as of December 31, 2013, and the related statements of income, 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.

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[WBOWDEN@VOLCPA.COM](mailto:WBOWDEN@VOLCPA.COM)

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of W.H. Colson Securities, Inc. as of December 31, 2013, 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 in Schedule I 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 in Schedule I 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 in Schedule I is fairly stated in all material respects in relation to the financial statements as a whole.

*WJB & Co., P.C.*

Athens, Georgia  
February 23, 2014

# **W.H. COLSON SECURITIES, INC.**

## **STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2013**

### **ASSETS**

<b>CURRENT ASSETS</b>	
Cash	\$ 194,603
Commissions receivable	53,959
Employee advances	9,911
<b>TOTAL ASSETS</b>	<b>\$ 258,473</b>

### **LIABILITIES AND STOCKHOLDER'S EQUITY**

<b>CURRENT LIABILITIES</b>	
Commissions payable	\$ 39,879
Accounts payable	1,734
<b>Total liabilities</b>	<b>41,613</b>
<b>STOCKHOLDER'S EQUITY</b>	
Capital stock	1,000
Additional paid-in capital	166,000
Retained earnings	49,860
<b>Total stockholder's equity</b>	<b>216,860</b>
<b>TOTAL</b>	<b>\$ 258,473</b>

See Independent Auditors' Report and  
Notes to Financial Statements.

# **W.H. COLSON SECURITIES, INC.**

## **STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>COMMISSIONS</b>	<b>\$ 953,368</b>
<b>EXPENSES</b>	
Commissions and fees	752,224
Salaries and wages	72,000
Legal and professional fees	14,136
Taxes and licenses	13,921
Rent	12,174
Office	9,216
Dues and subscriptions	5,322
Telephone and computer	6,872
Travel	6,107
Other operating expenses	268
Total expenses	<b>892,240</b>
Net operating income	<b>61,128</b>
<b>OTHER INCOME</b>	
Reimbursements from agents	11,625
Interest income	26
Tax refund	17
Total other income	<b>11,668</b>
<b>NET INCOME</b>	<b>\$ 72,796</b>

See Independent Auditors' Report and  
Notes to Financial Statements.

## **W.H. COLSON SECURITIES, INC.**

### **STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>STOCKHOLDER'S EQUITY, JANUARY 1</b>	<b>\$</b>	<b>144,064</b>
Net income		72,796
<b>STOCKHOLDER'S EQUITY, DECEMBER 31</b>	<b>\$</b>	<b>216,860</b>

See Independent Auditors' Report and  
Notes to Financial Statements.

# **W.H. COLSON SECURITIES, INC.**

## **STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>OPERATING ACTIVITIES</b>	
Net income	\$ 72,796
Adjustments to reconcile net income to net cash provided by operating activities	
Decrease in commissions receivable	4,496
Decrease in employee advances	1,694
Decrease in commissions payable	(2,396)
Decrease in accounts payable	(3,573)
Net cash provided by operating activities	73,017
<b>NET INCREASE IN CASH</b>	73,017
<b>CASH AT BEGINNING OF YEAR</b>	121,586
<b>CASH AT END OF YEAR</b>	\$ 194,603

See Independent Auditors' Report and  
Notes to Financial Statements.

# **W.H. COLSON SECURITIES, INC.**

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## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2013**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Nature of Business

W.H. Colson Securities, Inc. (the "Company") is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and is a member of various exchanges and the Financial Industry Regulatory Authority ("FINRA"). The Company was formed as a Georgia corporation on June 1, 2001.

#### Basis of Presentation

The Company is engaged in a single line of business as a securities broker-dealer, which comprises several classes of services.

#### Estimates

The presentation of financial statements in conformity with U.S. generally accepted accounting principles 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. Actual results could differ from those estimates.

#### Income Taxes

The Company is a Subchapter S Corporation for income tax reporting purposes and, as such, is not subject to income tax. Accordingly, no provision for income taxes is provided in the financial statements.

### **2. COMMISSIONS RECEIVABLE AND PAYABLE**

Commission revenue is derived as the Company, as an agent, buys and sells securities on behalf of its customers. In return for such services, the Company charges a commission. Each time a customer enters into a buy or sell transaction, a commission is earned by the Company for its selling and administrative efforts. For securities purchased, the commission is recorded as a receivable from customers; for securities sold, it is recorded as a reduction in the payable to customers. Commissions receivable as of December 31, 2013 was \$53,959. Commissions payable as of December 31, 2013 was \$39,879.

**3. OTHER INCOME**

The Company charges each agent for their respective share of expenses for insurance, meetings and conferences. This amount is withheld from the agents' commissions earned. At times, the fees are collected in advance of the Company paying for the expenses. For the year ended December 31, 2013, the Company collected \$11,625 more than what was remitted for expenses.

**4. NET CAPITAL REQUIREMENTS**

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 \$206,949, which was \$201,949 in excess of its required net capital of \$5,000. The Company's percentage of aggregate indebtedness to net capital was 20.11%.

**5. RELATED PARTY TRANSACTIONS**

The Company and the sole shareholder have entered into a management expense sharing agreement ("Agreement"), whereby many of the expenses of the Company can be paid by the sole shareholder individually or by a company under common control. Additionally, under the Agreement, the sole shareholder will contribute additional capital to the Company in order for the Company to meet its regulatory requirements for maintaining net capital as defined in Rule 15c3-1 (see also Note 4). Although the Agreement is still intact, all of the Company's expenses were paid by the Company during the year ended December 31, 2013.

During the year ended December 31, 2013, the sole shareholder was paid \$24,000 in salary by the Company. This amount is included in salaries and wages on the accompanying Statement of Operations.

The sole shareholder also owns 100% of two other companies, W.H. Colson & Associates, Inc. ("WHCA") and W.H. Colson Insurance Agency ("WHCI"). WHCA serves as a registered investment advisory service ("RIA") and WHCI sells insurance. For the year ended December 31, 2013, the Company received \$171,876 from the commonly controlled RIA for commissions earned. Also for the year ended December 2013, the Company received \$76,006 from the commonly controlled insurance company for commissions earned on variable insurance products.

**6. EXEMPTIVE PROVISION**

The Company meets all of the requirements for exemption from SEC Rule 15c3-3 with regard to the computation for determination of reserve requirements. The Company does not hold funds or securities for customers, nor does it owe money or securities to customers.

**7. SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through the date that its financial statements were issued, and determined that there are no material subsequent events requiring adjustment to or disclosure in its financial statements.

# W.H. COLSON SECURITIES, INC.

## COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION AS OF DECEMBER 31, 2013

<b>SCHEDULE 1</b>	
<b>TOTAL STOCKHOLDER'S EQUITY QUALIFIED FOR NET CAPITAL</b>	<b>\$ 216,860</b>
<b>DEDUCTIONS AND/OR CHARGES</b>	
Nonallowable asset - employee advances	(9,911)
<b>NET CAPITAL</b>	<b>\$ 206,949</b>
<b>AGGREGATE INDEBTEDNESS</b>	
Commissions payable	39,879
Accounts payable	1,734
Total aggregate indebtedness	<b>\$ 41,613</b>
<b>COMPUTATION OF BASIC NET CAPITAL REQUIREMENT</b>	
Minimum dollar net capital requirement	<b>\$ 5,000</b>
Excess net capital	201,949
Net capital in excess of the greater of: 10% of aggregate indebtedness or 120% of minimum net capital requirement	<b>\$ 200,949</b>
Percentage of aggregate indebtedness to net capital	20.11%

There is no material difference in the above computation and the Company's net capital, as reported in Company's Part IIA (unaudited) FOCUS report as of December 31, 2013.

See Independent Auditors' Report

# WJB & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## INDEPENDENT ACCOUNTANTS' REPORT

REQUIRED BY  
SECURITIES EXCHANGE COMMISSION (SEC) RULE 17A-5(e)(4)  
AGREED-UPON PROCEDURES RELATED TO AN ENTITY'S  
SIPC ASSESSMENT RECONCILIATION

To the Board of Directors  
W.H. Colson Securities, Inc.  
Greenville, NC

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, I have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments Form SIPC-7 - pages 12 and 13 - to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2013, which were agreed to by W.H. Colson Securities, Inc. (the Company) and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and the 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:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries in the general ledger noting no differences.
2. Compared the amounts reported on the unaudited Form X-17A-5 for the year ended December 31, 2013, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2013 noting no material differences.
3. Compared adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no material differences.
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers, noting no differences.
5. There was no application of overpayment, thus, no difference between the current assessment and the original computation.

See Independent Auditors' Report and  
Notes to Financial Statements

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ATHENS, GEORGIA 30606  
PH 770-500-9798  
FAX 678-868-1411  
[WBOWDEN@VOLCPA.COM](mailto:WBOWDEN@VOLCPA.COM)

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 specific parties.

*WJB Co., P.C.*

Athens, Georgia  
February 23, 2014

See Independent Auditors' Report and  
Notes to Financial Statements

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[WBOWDEN@VOLCPA.COM](mailto:WBOWDEN@VOLCPA.COM)

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 12/31/2013

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:

053621 FINRA DEC  
W H COLSON SECURITIES INC 13\*13  
211 COMMERCE ST STE C  
GREENVILLE NC 27858-5030

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) \$ 4.00
- B. Less payment made with SIPC-6 filed (exclude interest) \_\_\_\_\_
- Date Paid \_\_\_\_\_
- C. Less prior overpayment applied (309.00)
- D. Assessment balance due or (overpayment) (302.00)
- 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) \$ (302.00)
- G. PAID WITH THIS FORM:  
    Check enclosed, payable to SIPC  
    Total (must be same as F above) \$ 0
- 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.

W.H. COLSON SECURITIES, INC.  
Name of Corporation, Partnership or other organization  
Willard H. Colson, Jr.  
Authorized Signature  
PRESIDENT

Dated the 11 day of February 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 1/1/2013  
and ending 12/31/2013

Eliminate cents

\$ 948,898.00

Item No.

2a. Total revenue (FOCUS Line 12 Part IIA Line 9. Code 4030)

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.

(2) Revenues from commodity transactions.

(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.

(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

2d. SIPC Net Operating Revenues

2e. General Assessment @ .0025

947,221.00

947,221.00

\$ 1677.00

\$ 4.00

(to page 1, line 2.A.)

# WJB & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## REPORT ON INTERNAL CONTROL

REQUIRED BY  
SECURITIES EXCHANGE COMMISSION (SEC) RULE 17A-5  
FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM  
(SEC) RULE 15C3-3

To the Board of Directors  
W.H. Colson Securities, Inc.  
Greenville, NC

In planning and performing our audit of the financial statements and supplementary schedule of W.H. Colson Securities, Inc. (the "Company"), as of and for the year ended December 31, 2013, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on 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 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
2. Recordation of differences required by Rule 17a-13
3. 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 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 accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, errors 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 the effectiveness of their design and operation may deteriorate.

See Independent Auditors' Report and  
Notes to Financial Statements

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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 the internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control, including control activities for safeguarding securities that we consider to be material weakness as defined above.

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 were adequate as of December 31, 2013 to meet the SEC's objectives.

This report recognizes that it is not practicable in an organization the size of the Company to achieve all the division of duties and cross-checks generally included in a system of internal accounting control, and that alternatively, greater reliance must be placed on surveillance by management.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, 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 used by anyone other than these specified parties.

*W.B. Bowden, P.C.*

Athens, Georgia  
February 23, 2014

See Independent Auditors' Report and  
Notes to Financial Statements

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