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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- 19993

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: H2C Securities Inc.

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

11682 El Camino Real, Suite 320  
(No. and Street)  
San Diego California 92130  
(City) (State) (Zip Code)

OFFICIAL USE ONLY  
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
William B. Hanlon, III 858-242-4800  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Brian W. Anson

18425 Burbank Blvd., #606 Tarzana California 91356  
(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)

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DD  
3/11/14

OATH OR AFFIRMATION

I, William B. Hanlon, III, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of H2C 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

William B. Hanlon III  
Signature

CEO  
Title

See Attached  
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).

H2C SECURITIES INC.  
FINANCIAL STATEMENTS  
AND  
ACCOMPANYING SUPPLEMENTARY INFORMATION

REPORT PURSUANT TO SEC RULE 17a-5(d)

FOR THE YEAR ENDED  
DECEMBER 31, 2013

## H2C SECURITIES INC.

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ACKNOWLEDGMENT

State of California  
County of San Diego

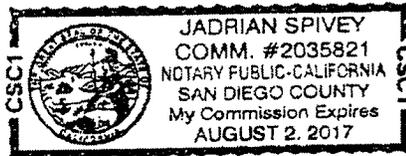
On January 22, 2014 before me, Jadrian Spivey, Notary Public  
(insert name and title of the officer)

personally appeared William B. Hanlon III  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature Jadrian Spivey (Seal)



**BRIAN W. ANSON**

*Certified Public Accountant*

18425 Burbank Blvd., Suite 606, Tarzana, CA 91356 • Tel. (818) 401-8800 • Fax (818) 401-8818

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
H2C Securities Inc.  
San Diego, California

**Report on the Financial Statements**

I have audited the accompanying statement of financial condition of H2C Securities Inc. as of December 31, 2013 and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of H2C Securities Inc. as of December 31, 2013 and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other matter**

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information contained on Schedules I-IV is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities and 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 these financial statements. The information in Schedules I-IV 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 my opinion, the information in Schedules I-IV is fairly stated in all material respects in relation to the financial statements as a whole.

This opinion is intended solely for the information and use of the board of directors, the Securities and Exchange Commission, and other regulatory agencies which 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.

  
Brian W. Anson  
Certified Public Accountant  
Tarzana, California  
February 14, 2014

H2C SECURITIES INC.

Statement of Financial Condition  
December 31, 2013

ASSETS

Cash	\$ 988,461
Accounts receivable	1,791,241
Other assets	6,909
Total assets	<u>\$ 2,786,611</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES:

Payroll taxes payable	101,153
Income taxes payable	40,000
Total liabilities	<u>141,153</u>

STOCKHOLDERS' EQUITY:

Common stock (5,000 shares issued and outstanding)	2,500
Additional paid in capital	84,926
Retained earnings	2,558,032
Total stockholders' equity	<u>2,645,458</u>
Total liabilities and stockholders' equity	<u>\$ 2,786,611</u>

H2C SECURITIES INC.

Statement of Income  
For the year ended December 31, 2013

REVENUES:

Fee income	\$10,635,315
	74
Total income	<u>\$10,635,389</u>

EXPENSES:

Occupancy	300,000
Professional fees	671,460
Regulatory fees	21,300
Salaries and wages	6,952,085
Other general and administrative expenses	56,392
Total expenses	<u>8,001,237</u>

INCOME BEFORE INCOME TAXES 2,634,152

INCOME TAX PROVISION

Income tax expense 40,000

NET LOSS \$ 2,594,152

H2C SECURITIES INC.

Statement of Changes in Stockholders' Equity  
For the year ended December 31, 2013

	Common Stock	Additional Paid in Capital	Retained Earnings	Total Stockholders' Equity
Beginning balance January 1, 2013	\$ 2,500	\$ 83,121	\$ (34,315)	\$ 51,306
Net income			2,594,152	2,594,152
Ending balance December 31, 2013	\$ 2,500	\$ 83,121	\$ 2,559,837	\$ 2,645,458

H2C SECURITIES INC.

Statement of Cash Flows  
For the year ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 2,594,152
Adjustments to reconcile net income to net cash provided by operating activities:	
(Increase) decrease in:	
Accounts receivable	(1,791,241)
Other assets	(769)
Increase (decrease) in:	
Accounts payable	(10,224)
Intercompany payable	(392,621)
Income taxes payable	40,000
Payroll taxes payable	95,065
Total adjustments	<u>(2,059,790)</u>
Net cash provided by operating activities	<u>534,362</u>
Increase in cash	534,362
Cash-beginning of period	<u>454,099</u>
Cash-end of period	<u>\$ 988,461</u>
Supplemental disclosure of cash flow information	
Cash paid during the year for:	
Interest	\$ -
Income taxes	\$ 800

H2C SECURITIES INC.  
Notes to Financial Statements  
For the year ended December 31, 2013

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*General*

H2C Securities Inc., (the "Company"), was formed in 1970, in the State of Illinois as a corporation. The Company is registered as a broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA") and Securities Investor Protection Corporation ("SIPC"). The Company is authorized to engage in private placements of securities and merger and acquisition advisory services. The Company does not hold customer funds or safeguard customer securities.

On September 18, 2012, G Equity Investment Group Ltd., an Illinois corporation and member of FINRA, was acquired by Hammond Hanlon Camp LLC as a fully-owned subsidiary. On October 29, 2012, G Equity Investment Group Ltd. changed its name to H2C Securities Inc.

*Summary of Significant Accounting Policies*

The presentation 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

For purposes relating to the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company also includes money markets as cash equivalents.

The Company adopted SFAS No. 130, "Reporting Comprehensive Income," which requires that an enterprise report, by major components and as a single total, the changes in equity. There were no other comprehensive income items for the year ended December 31, 2013.

Accounting principles generally require that recognized revenue, expense, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

On October 8, 2013, the Company received approval from FINRA to increase their net capital to \$100,000 from \$5,000.

H2C SECURITIES INC.  
Notes to Financial Statements  
For the year ended December 31, 2013

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Management has reviewed subsequent events through February 14, 2014.

The Company is subject to audit by the taxing agencies for years ending December 31, 2010, 2011 and 2012.

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritized the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820 are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.

Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)

Note 2: NET CAPITAL

The Company is subject to the Securities and Exchange Commission 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. Net capital and aggregate indebtedness change day to day, but on December 31, 2013 the Company had net capital of \$847,308, which was \$747,30 in excess of its required net capital of \$100,000; and the Company's ratio of aggregate indebtedness to net capital was 0.17 to 1, which is less than the 15 to 1 maximum ratio allowed for a broker dealer.

H2C SECURITIES INC.

Statement of Net Capital  
 Schedule I  
 For the year ended December 31, 2013

	Focus 12/31/13	Audit 12/31/13	Change
Stockholders' equity, December 31, 2013	\$ 2,645,458	\$ 2,645,458	\$ -
Subtract - Non allowable assets:			
Accounts receivable	1,791,241	1,791,241	
Other assets	6,909	6,909	
Tentative net capital	<u>847,308</u>	<u>847,308</u>	-
Haircuts	0	0	-
NET CAPITAL	<u>847,308</u>	<u>847,308</u>	-
Minimum net capital	100,000	100,000	-
Excess net capital	<u>\$ 747,308</u>	<u>\$ 747,308</u>	-
Aggregate indebtedness	141,153	141,153	-
Ratio of aggregate indebtedness to net capital	0.17	0.17	

There were no reported differences between the audit and Focus at December 31, 2013.

H2C SECURITIES INC.

Schedule II  
Determination of Reserve Requirements  
Under Rule 15c3-3 of the Securities and Exchange Commission  
December 31, 2013

The Company is exempt from the Reserve Requirement of computation according to the provision of Rule 15c3-3(k)(2)(ii).

Schedule III  
Information Relating to Possession or Control  
Requirements Under Rule 15c3-3  
December 31, 2013

The Company is exempt from the Rule 15c3-3 as it relates to possession and Control requirements under the (k)(2)(ii) exemptive provision.

SIPC-7

(SIPRS Form)

SECURITIES INVESTOR PROTECTION CORPORATION  
P.O. Box 921

General Assessment Form

For use by member firms

(Read carefully the instructions on the back of this form)

TO BE FILED BY ALL SIPC MEMBERS BY 12:00 P.M. EST FEBRUARY 1, 2015

1. Name of Member, address. Designated Exemption Authority  
purpose(s) of the audit requirement of SEC Rule 17d-5:

019093 FINRA DEC  
H2C SECURITIES INC 18\*18  
11682 EL CAMINO REAL STE 320  
SAN DIEGO CA 92130-2092

2. A. General Assessment item 2c from page 2)

B. Total payment made with SIPC-6 filed (exclude item 7-26-13)

Date Paid

C. Less prior overpayment applied

D. Assessment balance due or overpayment

E. Interest computed on late payment (see instructions)

F. Total assessment balance and interest due (for a member assessed for the first time)

G. PAID WITH THIS FORM

Check enclosed, payable to SIPC

Total (must be same as F above)

H. Overpayment carried forward

3. Subsidiaries (S) and predecessors (P) included in General Assessment

The SIPC member submitting this form and the  
predecessor(s) and/or subsidiary(ies) hereby  
certify that the information and data herein is true, correct  
and complete.

Submitted on 27th day of January 2014

H2C Securities Inc  
x WBA  
President

This form and the assessment payment is due 60 days after the end of the calendar year for a period of not less than 6 years, the total 2 years.

SIPC REVIEWER

Date: \_\_\_\_\_  
Reviewed: \_\_\_\_\_  
Received: \_\_\_\_\_

Signature: \_\_\_\_\_

Exemption: \_\_\_\_\_

Description of exemption: \_\_\_\_\_

26588

10991

15597

15597

**DETERMINATION OF "80% NET OF RELATED BUSINESSES"  
AND OTHER ADJUSTMENTS**

Amended Form 990-B  
12/31/2013  
and effective 1/1/2014

Item No.

24. Total revenue (FOCUS line 12 (Part I A Line 9, Code 4030))

10,635,389

25. Adjustions:

- (1) Total revenues from the operating business of individual taxpayers (including S-corporation predecessors) not included above
- (2) Net loss from principal transactions in securities in 2013
- (3) Net loss from principal transactions in commodities in 2013
- (4) Interest and dividend expense deducted in determining line 24
- (5) Net loss from management or participation in the trade or business of another individual
- (6) Expenses other than advertising, printing, postage, and other expenses of the business (including but not limited to management or participation in another business) not included above
- (7) Net loss from securities or investment accounts

Total adjustments

26. Deductions:

- (1) Revenues from the distribution of shares of a registered or unregistered common stock in the investment trust, from the sale of variable annuities, from the sale of shares of a mutual fund, from advisory services rendered to registered investment companies, from the sale of private placements, annuities, and from transactions in socially limited funds
- (2) Revenues from commodity transactions
- (3) Commissions, floor brokerage and clearance paid to a SIPC member in connection with securities transactions
- (4) Reimbursements for postage in connection with 2013
- (5) Net gain from securities or investment accounts
- (6) 10% of commission and netcap earned from transactions in 2013:
  - (a) Treasury bills, bankers acceptances or commercial paper (a limited number of days from issuance date)
  - (b) direct expenses of printing advertising and reports incurred in connection with the sale of securities related to the acquisition of assets (revenue deduction limited to \$100,000)
  - (c) Other revenues not related to the sale of securities (See Instruction G)

(b) Limit as to excess of \$100,000 (over \$100,000)

(5) (1) Total interest and dividend expense (FOCUS line 12 (Part I A Line 9, Code 4030) plus line 20 (Part I A Line 10, Code 4070) plus line 20 (Part I A Line 10, Code 4070) above) but not in excess of total interest and dividend income

(2) 40% of net interest earned on commercial securities (40% of net interest earned on commercial securities, 1.8% of FOCUS line 5, Code 1800)

Enter in greater of line (1) or (2)

Total deductions

27. SIPC fee (Special 1) (See instructions)

28. Section 179 expense (See instructions)

10,635,389  
26,588

10 page 1 of 2

## **BRIAN W. ANSON**

*Certified Public Accountant*

18425 Burbank Blvd., Suite 606, Tarzana, CA 91356 • Tel. (818) 401-8800 • Fax (818) 401-8818

### Independent Accountant's Report on Applying Agreed – Upon Procedures Related to an Entity's SIPC Assessment Reconciliation.

Board of Directors  
H2C Securities Inc.  
San Diego, CA

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 Scheduled of Assessment and Payments [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the Year Ended December 31, 2012, which were agreed to by H2C 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 H2C Securities Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). H2C Securities Inc.'s management is responsible for H2C 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, I 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 I performed and my findings are as follows:

1. Compared the listed assessment payment in Form SIPC-7 with respective cash disbursement records entries from the cash disbursements journal and related bank statements and reconciliations, noting no differences;
2. Compared the amounts reported on the audited 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 differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, such as clearing firms records supporting securities revenues, noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers, such as revenues from third party support and bank records supporting the adjustments, noting no differences.

I was not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my 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.



Brian W. Anson  
Certified Public Accountant  
Tarzana, California  
February 14, 2014

**BRIAN W. ANSON**

*Certified Public Accountant*

18425 Burbank Blvd., Suite 606, Tarzana, CA 91356 • Tel. (818) 401-8800 • Fax (818) 401-8818

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**REPORT OF INDEPENDENT REGISTERED PUBLIC  
ACCOUNTANT ON INTERNAL CONTROL STRUCTURE  
REQUIRED BY SEC RULE 17A-5**

Board of Directors  
H2C Securities Inc.  
San Diego, CA

In planning and performing my audit of the financial statements of H2C Securities Inc. for the year then ended December 31, 2013 in accordance with auditing standards generally accepted in the United States of America, I considered its internal control structure, including control activities for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure. Accordingly, I 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, I have made a study of the practices and procedures including tests of such practices and procedures followed by H2C Securities, Inc. including test of compliance with such practices and procedures that I considered relevant to objectives stated in Rule 17a-5(g), (1) 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, I did not review the practices and procedures followed by the Company in any of the following: (i) in making the quarterly securities examinations, counts, verifications and comparisons, (ii) recordation of differences required by Rule 17a-13, or (iii) in complying with the requirements for prompt payment for securities of Section 8 of Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining an 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 internal control structure policies and procedures 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 Commission'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 preparation of financial statements in conformity with generally accepted accounting principles. Rule 17-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Board of Directors  
H2C Securities+ Inc.  
Page Two

Because of inherent limitations in 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 they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants and the Public Company Accounting Oversight Board (United States). 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, I noted no matters involving the internal control structure, including control activities for safeguarding securities, which I consider to be material weaknesses as defined above.

In addition, my consideration of the internal control structure indicated that the Company was in compliance with the conditions of the exemption under Paragraph (k) (2) (ii) of Rule 15c3-3, and no facts came to my attention indicating that such conditions had not been complied with during the period. The scope of my engagement did not include the Anti Money Laundering provision of the U.S. Patriot Act.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purpose 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 my study, I believe that the Company's practices and procedures were adequate at December 31, 2013 to meet the Commission's objectives.

This report is intended solely for the information and use of the board of directors, the Securities and Exchange Commission, and other regulatory agencies which 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.

  
Brian W. Anson  
Certified Public Accountant  
Tarzana, California  
February 14, 2014