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3/18/14

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

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

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:  
Sisung Securities Corporation  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
201 St. Charles Ave., Suite 4240

OFFICIAL USE ONLY  
25752  
FIRM I.D. NO.

(No. and Street)  
New Orleans LA 70170  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Lawrence J. Sisung, Jr. 504-544-7700  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

LaPorte, A Professional Accounting Corporation  
(Name - if individual, state last, first, middle name)  
5100 Village Walk, Suite 300 Covington LA 70433  
(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)

3/21/14

OATH OR AFFIRMATION

I, Lawrence J. Sisung, 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 Sisung Securities Corporation, 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:

Signature of Lawrence J. Sisung, Jr.

President

Title

Notary Public seal for Robert Lane Sisung, Jefferson Parish, LA, BAR NO. 2372

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. (Bound under separate cover)
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
(o) Independent auditor's report on internal control

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**SISUNG SECURITIES CORPORATION**

Audit of Financial Statements

December 31, 2013

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LaPorte, APAC  
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Metairie, LA 70005  
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[LaPorte.com](http://LaPorte.com)

## **Independent Auditor's Report**

To the Board of Directors  
Sisung Securities Corporation

### **Report on the Financial Statement**

We have audited the accompanying statement of financial condition of Sisung Securities Corporation (the Company) as of December 31, 2013, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statement.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 statement.

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

NEW ORLEANS HOUSTON BATON ROUGE COVINGTON

An Independently Owned Member, McGladrey Alliance

The McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. The McGladrey Alliance member firms maintain their name, autonomy and independence and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.

**Opinion**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Sisung Securities Corporation as of December 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Covington, LA  
February 25, 2014

**SISUNG SECURITIES CORPORATION**  
**Statement of Financial Condition**  
**December 31, 2013**

<b>Assets</b>	
Cash	\$ 712,384
Receivables from Clearing Broker	566,277
Deposit with Clearing Organization	100,000
Trading Securities, at Fair Value	59,700
Furniture, Fixtures, and Equipment, Net of Accumulated Depreciation of \$688,721	45,389
Other Assets	155,080
	<hr/>
<b>Total Assets</b>	<b>\$ 1,638,830</b>
	<hr/>
<b>Liabilities and Stockholder's Equity</b>	
<b>Liabilities</b>	
Accounts Payable and Accrued Expenses	\$ 46,349
Deferred Tax Liability	5,764
Subordinated Borrowings - Related Party	600,000
	<hr/>
<b>Total Liabilities</b>	<b>652,113</b>
	<hr/>
<b>Stockholder's Equity</b>	
Common Stock, No Par Value, Authorized 1,500 Shares; Issued and Outstanding 1,000 Shares	1,000
Additional Paid-In Capital	49,000
Retained Earnings	936,717
	<hr/>
<b>Total Stockholder's Equity</b>	<b>986,717</b>
	<hr/>
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$ 1,638,830</b>
	<hr/>

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

# SISUNG SECURITIES CORPORATION

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies

#### **Background**

Sisung Securities Corporation (the Company) was incorporated primarily to enter into all phases of business as it relates to securities, including, but not limited to, activities in trading and sales, mergers and acquisitions, and public and corporate finance. Approximately 98% of revenues are earned through providing services to institutional customers. The Company operates as a registered broker-dealer pursuant to the Securities Exchange Act of 1934, and is a member of the Financial Industry Regulatory Authority. The Company is a non-clearing broker and, as such, has an agreement with a third-party clearing organization to carry and clear its customers' margin, cash accounts, and transactions on a fully-disclosed basis.

#### **Revenue Recognition**

Securities transactions and related commission revenue and expenses are recorded on the settlement date basis. Use of the settlement date, rather than the trade date, as required by accounting principles generally accepted in the United States of America, does not materially affect the reported financial position of the Company.

Management and underwriting fees included in public finance profits are recorded at the time underwriting is completed and the income is reasonably determinable. Merger and acquisition fees are due and payable, and are recognized, upon completion of the transactions.

#### **Investment Securities**

Marketable securities held for trading are valued at market value, and securities not readily marketable are valued at fair value as determined by the Board of Directors. The resulting difference between cost and market (or fair value) is included in income.

#### **Furniture, Fixtures, and Equipment**

Furniture, fixtures, and equipment are stated at cost. Depreciation on furniture, fixtures, and equipment is calculated on the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred, while expenditures that substantially increase the useful lives of the assets are capitalized.

#### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

# SISUNG SECURITIES CORPORATION

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company accounts for Income Taxes in accordance with the *Income Taxes* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740. ASC 740 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognition, interest, penalties, and disclosures required. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

#### Advertising

The Company expenses the costs of advertising as they are incurred. Advertising expense was \$1,142, for the year ended December 31, 2013.

#### 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 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.

### Note 2. Agreement with Clearing Organization

The Company utilizes Pershing, LLC as its clearing broker. Terms of the agreement with the clearing organization call for the Company to maintain compensating balances of \$100,000. At December 31, 2013, \$100,000 of cash is restricted for that purpose.

### Note 3. Concentrations of Credit Risk

The Company periodically maintains cash in bank and brokerage accounts in excess of insured limits. The Company has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

# SISUNG SECURITIES CORPORATION

## Notes to Financial Statements

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### Note 4. Receivable from Clearing Brokers

Accounts receivable from clearing brokers represent uncollected commissions and fees due from other brokers.

### Note 5. Trading Securities

Trading securities consist of equity securities owned, at market value.

The Company discloses information about the fair value of its securities in accordance with the provisions of the *Fair Value Measurement* Topic of the FASB ASC 820 which, among other matters, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level 1 include listed equity and debt securities.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include less liquid and restricted equity securities and over-the-counter derivatives.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include general and limited partnership interests in corporate private equity funds, and funds of hedge funds.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used during the year ended December 31, 2013.

# SISUNG SECURITIES CORPORATION

## Notes to Financial Statements

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### Note 5. Trading Securities (Continued)

The valuation of the Company's investments by the above fair value hierarchy at December 31, 2013, is as follows:

	Total	Level 1	Level 2	Level 3
<b>Assets</b>				
Equity Securities -				
Financial Industry	\$ 59,700	\$ 59,700	\$ -	\$ -

### Note 6. Related Party Transactions

The Company has an agreement to provide assistance to Sisung Investment Management Services, Inc. (SIMS), a related party under common control that performs investment advisory services. Terms of the agreement are for the Company to provide various services, including brokerage and facilities services, to SIMS and to assist SIMS in the fulfillment of several of its investment advisory services. During 2013, there were no revenues received under this agreement.

The Company leases office space from an affiliate on a month-to-month basis. During 2013, rental expense paid under this lease agreement amounted to \$101,473, which is included in other operating and general and administrative expenses on the statement of operations.

#### Subordinated Borrowings

At December 31, 2013, the Company had \$600,000 in unsecured subordinated borrowings due to a related party. Interest is paid at 6% and the note matures October 15, 2023.

The subordinated borrowings are available in computing net capital under the Security and Exchange Commission's (SEC) Uniform Net Capital Rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid.

Interest expense to related parties under subordinated borrowing totaled \$36,000, for the year ended December 31, 2013.

# SISUNG SECURITIES CORPORATION

## Notes to Financial Statements

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### Note 7. Income Taxes

Components of income tax expense for the year ended December 31, 2013, are as follows:

Current	\$ 64,299
Deferred	<u>(10,614)</u>
<b>Total</b>	<b><u>\$ 53,685</u></b>

The effective tax rate for the year ended December 31, 2013, was 42%. Income tax expense differs from the amounts computed by applying the U.S. Federal rate of 39% to income before income tax benefit principally due to the effect of graduated tax rates, state income taxes, and expenses which are not deductible for income tax purposes.

At December 31, 2013 the Company had deferred tax liabilities totaling \$5,762, related to accelerated depreciation deductions for furniture, fixtures, and equipment.

The Company files a U.S. federal income tax return and a Louisiana state income tax return. Returns filed in these jurisdictions for tax years ended on or after December 31, 2010 are subject to examination by the relevant taxing authorities. The Company is not currently under examination by any taxing authority.

As of December 31, 2013, the Company had no uncertain tax positions.

### Note 8. Commitments and Contingencies

In the normal course of business, the Company initiates customers' securities transactions through a clearing broker which, in accordance with accounting principles generally accepted in the United States of America, are not included on the statement of financial condition. These transactions are referred to as "off-statement of financial condition commitments" and differ from the Company's statement of financial condition activities in that they do not give rise to funded assets or liabilities. The Company receives a commission for initiating such transactions for its customers. Initiating these trades for its customers involves various degrees of credit and market risk in excess of amounts recognized on the statement of financial condition. The Company minimizes its exposure to loss under these commitments by subjecting the customer accounts to credit approval and monitoring processes.

Once a trade is executed, a customer is allowed three business days to settle the transaction by payment of the settlement price (when purchasing securities) or the receipt of settlement proceeds (when selling securities). The Company is required by law to immediately complete a securities transaction when a customer fails to settle. The Company is at risk for any loss realized in completing transactions for its customers. This risk is minimized in that the Company would receive the securities as collateral. At December 31, 2013, all unsettled transactions were subsequently settled by customers without loss to the Company, or open commitments were adequately collateralized.

# SISUNG SECURITIES CORPORATION

## Notes to Financial Statements

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### Note 8. Commitments and Contingencies (Continued)

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations, or liquidity.

### Note 9. Employee Benefit Plan

The Company provides a 401(k) plan for eligible employees. Eligible employees may contribute 0 - 90% of annual compensation up to the maximum allowed by the Internal Revenue Service. The Company will make either matching or nonelective contributions. Matching contributions will equal 100% of the employee's contribution, limited to 3% of each employee's annual compensation. Nonelective contributions will be made on behalf of eligible employees who earned at least \$5,000 of compensation for the year. Nonelective contributions will be equal to 2% of annual compensation for eligible employees. The Company's expenses relating to matching contributions were approximately \$22,593, for the year ended December 31, 2013, and are included in salaries, commissions, and employee benefits on the statement of operations. The Company did not incur any nonelective contributions for the year ended December 31, 2013.

### Note 10. Net Capital Requirement

The Company is a registered broker and dealer in securities and is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1). Under the Uniform Net Capital Rule, a broker or dealer who does not carry customers' accounts is to maintain minimum net capital, as defined, equal to the greater of 6-2/3% of aggregate indebtedness, or \$250,000. Net capital may fluctuate on a daily basis. At December 31, 2013, the Company had net capital of \$1,377,293, which was \$1,127,293 in excess of its required minimum net capital of \$250,000. The ratio of aggregate indebtedness to net capital was .04 to 1 at December 31, 2013.

### Note 11. Significant Customers

During the year ended December 31, 2013, the Company had five customers that accounted for 60% of total revenue.

# SISUNG SECURITIES CORPORATION

## Notes to Financial Statements

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### Note 12. Evaluation of Subsequent Events

FASB ASC Topic 855, *Subsequent Events*, establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, it sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date.

In accordance with ASC 855, the Company evaluated subsequent events through February 25, 2014, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.