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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  
Mail Processing  
Section

FEB 28 2014

SEC FILE NUMBER  
8- 65173

FACING PAGE

Washington DC

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: Professional Trading Services Brokerage, LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

125C Gaither Drive East Gate Business Center

(No. and Street)

Mt. Laurel

(City)

New Jersey

(State)

08054

(Zip Code)

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

Richard W. Schank

856-802-9400

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Romeo & Chiaverelli, LLC CPA's

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

1601 Walnut Street, Suite 815

(Address)

Philadelphia

(City)

PA

(State)

19102

(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)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Handwritten signature

OATH OR AFFIRMATION

I, Richard W. Schank, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Professional Trading Services Brokerage, LLC a/k/a PTS Brokerage, LLC, as of December 31, 20 13, 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:

None

X  
[Signature] Signature  
[Title] Title

Tara O'Brien  
Notary Public

2/27/14



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 Capital~~ Cash Flows
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- N/A (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- N/A (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- N/A (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.
- N/A (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 (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) A report on Internal Accounting Control

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

**SEC  
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Section**

**FEB 28 2014**

**Washington DC  
404**

**ROMEO & CHIAVERELLI, LLC**  
Certified Public Accountants  
**1601 WALNUT STREET • SUITE 815**  
**PHILADELPHIA, PENNSYLVANIA 19102**

**FINANCIAL STATEMENTS  
SUPPLEMENTARY INFORMATION  
INDEPENDENT AUDITORS' REPORT AND  
OTHER MATTERS**

**PTS BROKERAGE, LLC**

**DECEMBER 31, 2013**

**PTS BROKERAGE, LLC**

**DECEMBER 31, 2013**

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# ROMEO & CHIAVERELLI LLC

Certified Public Accountants

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(215) 569-2113  
FAX (215) 972-0787

Anthony Chiaverelli, CPA  
Horsham, PA  
(215) 542-7544

## **Independent Auditors' Report**

To the Member  
PTS Brokerage, LLC

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

We have audited the accompanying financial statements of PTS Brokerage, LLC, which comprise the statement of financial condition as of December 31, 2013, and the related statements of income, changes in member'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.

### **Auditors' 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 from 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 auditors' 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PTS Brokerage, LLC 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 supplementary information contained in Schedules I and II 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 Schedules I and II 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 Schedules I and II is fairly stated in all material respects in relation to the financial statements as a whole.



ROMEO & CHIAVERELLI, LLC  
Certified Public Accountants  
February 14, 2014

**PTS BROKERAGE, LLC  
STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2013**

**ASSETS**

**CURRENT ASSETS**

Cash	\$162,707
Receivables	123,644
Prepaid expenses	<u>11,771</u>
Total current assets	298,122

**PROPERTY AND EQUIPMENT**

Computer equipment and furniture net of \$3,700 accumulated depreciation	<u>607</u>
---	------------

**Total Assets** \$298,729

**LIABILITIES AND MEMBER EQUITY**

**LIABILITIES**

Commissions payable	\$ 70,222
Accrued expenses	<u>11,192</u>
Total current liabilities	81,414

**MEMBER EQUITY** 217,315

**Total Liabilities and Member Equity** \$298,729

The accompanying notes are an integral part of these  
financial statements

**PTS BROKERAGE, LLC**  
**STATEMENT OF INCOME AND MEMBER EQUITY**

**YEAR ENDED DECEMBER 31, 2013**

REVENUE	
Commissions	\$556,230
Investment advisory fees	<u>311,286</u>
Total revenue	867,516
OPERATING EXPENSES	
Employee compensation and benefits	527,771
Occupancy	13,575
Regulatory fee	20,928
Other expenses	<u>18,300</u>
Total operating expenses	<u>580,574</u>
Net income from operations	<u>286,942</u>
NET INCOME	286,942
Member equity, beginning of year	258,373
Less: Distribution of member capital	<u>(328,000)</u>
Member equity, end of year	<u>\$217,315</u>

The accompanying notes are an integral part of these  
financial statements

**PTS BROKERAGE, LLC**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2013**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income	\$286,942
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	317
(Increase) decrease in operating assets:	
Accounts receivable	(27,398)
Prepaid Expenses	3,668
Increase (decrease) in operating liabilities:	
Commissions payable	29,675
Accrued expenses	<u>(978)</u>
Net cash provided by operating activities	5,284
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Distribution of member capital	<u>(328,000)</u>
Net cash used by financing activities	(328,000)
Decrease in cash	(35,774)
Cash, beginning of year	<u>198,481</u>
Cash, end of year	<u><u>162,707</u></u>

The accompanying notes are an integral part of these financial statements

**PTS BROKERAGE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies applied by management in the preparation of the financial statements.

*Organization*

PTS Brokerage, LLC (Company) was organized under the Laws of the State of New Jersey in 2001 and has been registered as a broker-dealer with the SEC and has been a member of the Financial Industry Regulatory Authority (FINRA) since August 2002. The Company sells mutual funds, life insurance products including variable annuities, provides investment advisory services and provides financial planning services to public customers. The Company is registered in fourteen (14) states to conduct securities transactions.

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

*Property and equipment*

Property and equipment are carried at cost.

*Revenue recognition*

Revenue is recognized from the sale of mutual funds as earned. Revenue from the placement of life insurance products is recognized upon notification of policy acceptance and renewal. Revenue from investment advisory services is recognized as earned. Revenue from financial planning services is recognized as billed.

**PTS BROKERAGE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Income taxes*

The Company, a limited liability company, has elected to be taxed for federal and state purposes as a proprietorship. As a result, the Company is not a taxpaying entity for federal or state income tax purposes and, accordingly, no income tax expense or tax benefit has been recorded in these financial statements. Income or losses from the Company are reflected on the Member's income tax returns.

**NOTE B – 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 and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed a ratio of 15 to 1. At December 31, 2013, the ratio was 0.56 to 1. The Company complied with the exemptive provisions of Rule 15c3-3 under subparagraph (k)(1). All customer transactions are limited to the sale and redemption of redeemable securities of registered investment companies, the sale of life insurance products including variable annuities, and providing investment advisory services. At December 31, 2013, the Company had net capital, as defined, of \$144,897, which was \$139,469 in excess of its required minimum net capital of \$5,428.

**NOTE C – EXPENSE AGREEMENT**

The Company enters into an annual expense agreement with Professional Training Services, a company under common control. Under the agreement, the Company shares space with Professional Training Services and utilizes their telephone services in return for the payment of a percentage of Professional Training Services' monthly lease expense and their monthly telephone costs. For the year 2013, the Company paid 50% of the rent expense and 50% of the monthly telephone costs. The total rent expense for 2013 was \$13,575 and the total telephone expense was \$3,852.

***SUPPLEMENTARY INFORMATION***

**SCHEDULE I**

**PTS BROKERAGE, LLC  
COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION**

**DECEMBER 31, 2013**

Total member equity from Statement of financial condition	\$ 217,315
Deduct non-allowable assets:	
Receivable	60,040
Prepaid expenses	11,771
Fixed assets	<u>607</u>
Total non-allowable assets	<u>72,418</u>
Net capital	<u>\$ 144,897</u>
Minimum net capital required per 15c3-1 (a)(2)	<u>\$ 5,428</u>
Excess net capital	<u>\$ 139,469</u>
Excess net capital at 1,000%	<u>\$ 136,756</u>
Aggregate indebtedness from statement of financial condition, net of A-1c liabilities	<u>\$ 81,414</u>
Ratio of aggregate indebtedness to net capital	<u>56.19 %</u>
Debt-equity ratio computed in accordance with 15c3-1(d)	<u>0</u>

**Note:** There are no material differences between the preceding computation and the Company's corresponding unaudited part IIA of Form X-17A-5 as of December 31, 2013

**SCHEDULE II**

**PTS BROKERAGE, LLC  
COMPUTATION FOR DETERMINATION OF RESERVE  
REQUIREMENTS UNDER 15c3-3 OF THE  
SECURITIES AND EXCHANGE COMMISSION**

**DECEMBER 31, 2013**

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission under paragraph (k)(1) of that Rule.

***OTHER MATTERS***

# ROMEO & CHIAVERELLI LLC

Certified Public Accountants

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Anthony Chiaverelli, CPA  
Horsham, PA  
(215) 542-7544

## Report on Internal Accounting Control Required by SEC Rule 17a-5

### **The Member PTS Brokerage, LLC**

In planning and performing our audit of the financial statements of PTS Brokerage, LLC (the "Company") as of and for the year ended December 31, 2013 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g), in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications and comparisons and recordation of differences required by rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of the Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are

required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's 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 generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2013, to meet the SEC's objectives.

This report is intended solely for the information and use of the Member, management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Romeo & Chiaverelli", written in a cursive style.

ROMEO & CHIAVERELLI LLC  
Certified Public Accountants  
February 14, 2014

**SEC  
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Washington DC  
404**

**PTS BROKERAGE, LLC  
SECURITIES INVESTOR PROTECTION CORPORATION  
FORM SIPC-7**

**SEC FILE NO. 8-65173**

**DECEMBER 31, 2013**

# ROMEO & CHIAVERELLI LLC

Certified Public Accountants

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

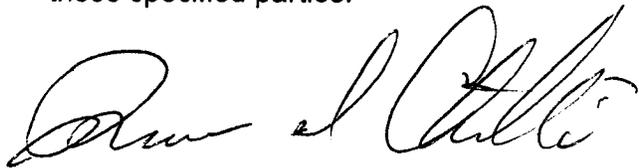
### **To the Member PTS Brokerage, LLC**

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments, General Assessment Reconciliation (Form SIPC-7), to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2013, which were agreed to by PTS Brokerage, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC and other designated examining authority, solely to assist you and the other specified parties in evaluating PTS Brokerage, LLC's compliance with the applicable instructions of the General Assessment Report (Form SIPC-7). PTS Brokerage, LLC's management is responsible for PTS Brokerage, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended 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 noting no differences; and
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences.

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.

A handwritten signature in black ink, appearing to read "Romeo & Chiaverelli", written in a cursive style.

ROMEO & CHIAVERELLI LLC  
Certified Public Accountants  
February 24, 2014

**PTS BROKERAGE, LLC.**  
**SCHEDULE OF ASSESSMENT AND PAYMENTS TO THE**  
**SECURITIES INVESTOR PROTECTION CORPORATION**  
**YEAR ENDED DECEMBER 31, 2013**

<u>Period Covered</u>	<u>Date Paid</u>	<u>Amount</u>
General assessment reconciliation for the period January 1, 2013 to December 31, 2013		\$ 785.00
<u>Payment schedule:</u>		
SIPC-6	7/24/2013	403.00
SIPC-7	2/24/2014	382.00
<u>Balance due</u>		<u>\$ 0.00</u>