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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  
MAR 05 2014  
Washington DC  
404

SEC FILE NUMBER
8-66379

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: Centara Capital Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

30 Malaga Cove Plaza

(No. and Street)

Palos Verdes Estates

CA

90274

(City)

(State)

(Zip Code)

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

Scott Mibu

310 937-7354

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Elizabeth Tractenberg, CPA

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

3832 Shannon Road

Los Angeles

CA

90027

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

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

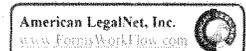
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Scott Mibu, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Centara Capital Securities, Inc. 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:

None

[Handwritten Signature]

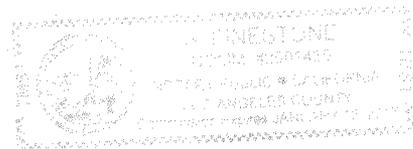
Signature

CEO

Title

State of CA  
County of L.A. 2-28-14

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).

SEC  
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Section

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Washington DC  
404

**Centara Capital Securities, Inc.**

**Report Pursuant to Rule 17a-5 (d)**

**Financial Statements**

**For the Year Ended December 31, 2013**

## **Contents**

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Pursuant to Rule 15c3-1

Schedule II – Computation for Determination of Reserve  
Requirements Pursuant to Rule 15c3-3

Schedule III – Information Relating to Possession or Control  
Requirements Under Rule 15c3-3

### PART II

Report on Internal Control

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## **Elizabeth Tractenberg, CPA**

3832 SHANNON ROAD  
LOS ANGELES, CALIFORNIA 90027  
323/669-0545 – Fax 323/978-5089  
[elizabeth@tractenberg.net](mailto:elizabeth@tractenberg.net)  
PCAOB # 3621

### **Report of Independent Auditor**

Board of Directors  
Centara Capital Securities, Inc.  
San Diego, California

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

I have audited the accompanying statement of financial condition of Centara Capital Securities, Inc. as of December 31, 2013 and related statements of income (loss), changes in member's equity, and changes in financial condition 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 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the 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.

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To the Member  
Centara Capital Securities, Inc.  
Page 2

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2013, and the results of its operations and its changes in financial position 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 basic financial statements taken as a whole. The information contained in Schedules I, II and III 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 the financial statements. The information in Schedules I, II and III 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, II and III is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Elizabeth Tractenberg, CPA  
Los Angeles, CA  
February 15, 2014

**Centara Capital Securities, Inc.**  
**Statement of Financial Condition**  
**December 31, 2013**

**Assets**

Cash			
Checking	\$ 15,642		
Receivables from Related Parties	767		
Prepaid Expenses	6,050	<u>\$ 22,459</u>	
<b>Total assets</b>			<u><u>\$ 22,459</u></u>

**Liabilities and Member's Equity**

Liabilities			<u>\$ 9,315</u>
<b>Total liabilities</b>			9,315
Common Stock	\$ 10,000		
Paid in capital	47,445		
Retained earnings (deficit)	(44,301)	<u>13,144</u>	
<b>Total liabilities and member's equity</b>			<u><u>\$ 22,459</u></u>

See Accompanying Notes to Financial Statements

**Centara Capital Securities, Inc.**  
**Statement of Income (Loss)**  
**For the Year Ended December 31, 2013**

Revenue	
Commissions and Concessions	<u>\$ 478,145</u>
Total Revenue	478,145
Expenses	
Commissions	344,950
Compensations	47,586
Professional services	23,388
Regulatory fees	13,402
Penalty & Fine	20,000
All other	43,079
Total Expenses	<u>492,405</u>
Income (Loss) Before Tax Provision	(14,260)
Income tax provision	<u>1,700</u>
Net Income (Loss)	<u><u>\$ (15,960)</u></u>

See Accompanying Notes to Financial Statements

**Centara Capital Securities, Inc.**  
**Statement of Changes in Shareholders' Equity**  
**For the Year Ended December 31, 2013**

Balance, December 31, 2012	\$ 130,451
Capital Contribution	47,000
Capital Distributions	(148,347)
Net Income (Loss)	<u>(15,960)</u>
Balance, December 31, 2013	<u><u>\$ 13,144</u></u>

See Accompanying Notes to Financial Statements

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**Centara Capital Securities, Inc.**  
**Statement of Changes in Financial Condition**  
**For the Year Ended December 31, 2013**

Cash Flows from Operating Activities:	
Net income (loss)	\$ (15,960)
Changes in operating assets and liabilities:	
Prepaid expenses	(6,050)
Accrued expenses	<u>(7,369)</u>
Net cash used in operating activities	(29,379)
Cash Flows from Investing Activities:	
	-
Cash Flows from Financing Activities:	
Capital contribution	47,000
Capital distribution	<u>(148,347)</u>
Cash Flows from Financing Activities	<u>(101,347)</u>
Net increase in cash	(130,726)
Cash at beginning of year	<u>146,368</u>
Cash at end of year	<u><u>\$ 15,642</u></u>

**SUPPLEMENTAL INFORMATION**

Interest paid	<u>\$ -</u>
Income taxes paid	<u>\$ 800</u>

See Accompanying Notes to Financial Statements

**Centara Capital Securities, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**Organization** - Centara Capital Securities, Inc. (the "Company") was incorporated in the State of California on April 17, 2003. Operations began July 2004. The Company is registered with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority (FINRA).

The Company's principal business activity is the third party marketing of alternative investments and the sale of securities. The Company specializes and derives the majority of their income through third party marketing of alternative investments.

**Basis of Presentation** - The Company conducts the following types of business as a securities broker-dealer, which comprises several classes of services, including:

- Mutual Fund Retailer (via application);
- Broker selling variable life insurance or annuities;
- Broker selling tax shelters or limited partnerships in the secondary market;
- Facilitate third party marketing of alternative investments to accredited investors;
- Direct Participation programs; and
- Broker selling interests in mortgages.

**Securities Transactions** - Commission revenue and related expense arising from securities transactions are recorded on a trade date basis, which is the same business day as the transaction date.

On October 29, 2013 the Firm began conducting business under Rule 15c3-3(k)(2)(i).

**Concentrations of Credit Risk** - The Company's cash is on deposit at two financial institutions and the balance at times may exceed the federally insured limit. The Company believes it is not exposed to any significant credit risk to cash.

**Estimates** - The preparation of financial statements in conformity with 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.

**NOTE 2 - RELATED PARTY TRANSACTIONS**

The Company was wholly-owned by Centara Capital Group, Inc. ("CCG") January 1, 2013 through November 8, 2013 on which date the company was purchased by two individual owners, Scott Mibu and Michael Oshiro.

During the period January 1, 2013 through November 8, 2013, the Company was also affiliated through common ownership and management with various other entities including Centara Capital Management

**Centara Capital Securities, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**NOTE 2 - RELATED PARTY TRANSACTIONS (continued)**

Group, Inc. ("CCMG"), a registered investment advisor; Centara Capital Consulting, Inc.; Three One Capital, LLC; Ellis Opportunity Fund, LP; EquityKey Real Estate Investments, LP; Centara Alternative Advisors, LLC; Centara Alternative Investments, LP; EK Investments, LP and Centara Real Estate Services, Inc.

Pursuant to an agreement, amended and effective September 1, 2009, CCMG, had provided office space, administrative and clerical services to the Company. On January 3, 2011, the Company amended this agreement for monthly payments of \$6,827. The payments were allocated as follows:

	YE December 31, 2013
Compensation	\$47,586
Occupancy	13,585
Other	<u>13,926</u>
Total	<u>\$ 75,097</u>

On November 8, 2013 this agreement with CCMG was terminated.

During the year ended December 31, 2013, the Company incurred an additional \$57,719 for commissions paid by affiliates on its behalf.

**NOTE 3 - FAIR VALUE**

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes 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 transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. 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.

**Centara Capital Securities, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**NOTE 3 - FAIR VALUE (continued)**

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 inputs 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.)

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2013.

**Fair Value Measurements on a Recurring Basis**  
**As of December 31, 2013**

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash	\$ 15,642	\$	\$	\$15,642

**NOTE 4 - INCOME TAXES**

Provision for Income Taxes - The Company has elected to be taxed under the provisions of subchapter S of the Internal Revenue Code and comparable State of California statutes wherein the Company's taxable federal and state income is taxed directly to the shareholder. Additionally, the state of California imposes a 1-1/2% state franchise tax on the corporation's taxable income.

The accounting principles generally accepted in the United States of America provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Company in its Federal and State organization tax returns are more likely than not to be sustained upon examination. The Company is subject to examinations by U.S. Federal and State tax authorities from 2010 to the present, generally for three years after they are filed.

**Centara Capital Securities, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**NOTE 5 - NET CAPITAL REQUIREMENTS**

As a registered broker/dealer and member of the Financial Industry Regulatory Authority, 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 1500%. At December 31, 2013, the Company's net capital and required net capital were \$6,328 and \$5,000 respectively. The ratio of aggregate indebtedness to net capital was 1.661.

On October 29, 2013 the company reduced its Net Capital Requirement to \$5,000, from \$50,000.

The company contributed \$37,000 in March 2013 in order to meet net capital requirement, however since the capital was withdrawn subsequently, the capital contribution is considered as a loan. The company therefore was in net capital violation in March – this was reported on March 12, 2013 and was thought to have been cured, however was not. At year end, with capital contribution from the new owners, there was adequate net capital to meet the Net Capital Requirement of \$5,000.

**NOTE 6 – EXEMPTION FROM THE SEC RULE 15C3-3**

Rule 15c3-3(k)(2)(i) provides an exemption from the SEC's so-called "customer protection rule" for firms that: carry no margin accounts; promptly transmit all customer funds and deliver all securities received in connection with their broker-dealer activities; do not otherwise hold funds or securities for, or owe money or securities to, customers; and effectuate all financial transactions with customers through one or more bank accounts designated as "Special Account for the Exclusive Benefit of Customers" of the Company.

**NOTE 7 – SUBSEQUENT EVENTS**

Management has reviewed the results of operations for the period of time from its year end December 31, 2013 through February 28, 2014, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying combined financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**NOTE 8 – SIPC SUPPLEMENTARY REPORT REQUIREMENT**

The Company is not required to complete the SIPC Supplementary Report under SEC Rule 17a-5(e) (4) for fiscal year ending December 31, 2013 because the Company's SIPC Net Operating Revenues are under \$500,000.

**Centara Capital Securities, Inc**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**For the Year Ended December 31, 2013**

Computation of Net Capital	
Total ownership equity from statement of financial condition	\$ 13,144
Receivables	(767)
Prepays	(6,050)
Net Capital	<u>\$ 6,327</u>
Computation of Net Capital Requirements	
Minimum net aggregate indebtedness - 6-2/3% of net aggregate indebtedness	<u>621</u>
Minimum dollar net capital required	<u>5,000</u>
Net Capital required (greater of above amounts)	<u>5,000</u>
Excess Capital	<u>\$ 1,327</u>
Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)	<u>\$ 5,396</u>
Computation of Aggregate Indebtedness	
Total liabilities	<u>9,315</u>
Aggregate indebtedness to net capital	1.47
The following is a reconciliation of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 179-5(d)(4):	
Net Capital per Company's Computation	\$ 6,327
Variance	
Expenses paid not recorded	-
Net Capital per Audited Report	<u><u>\$ 6,327</u></u>

See Accompanying Notes to Financial Statements

**Centara Capital Securities, Inc.**  
**Schedule II – Computation for Determination of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2013**

A computation of reserve requirement is not applicable to Centara Capital Securities, Inc. as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (i).

**Centara Capital Securities, Inc.**  
**Schedule III – Information Relating to Possession or Control**  
**Requirements under Rule 15c3-3**  
**As of December 31, 2013**

Information relating to possession or control requirements is not applicable to Centara Capital Securities, Inc. as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (i).

## **Elizabeth Tractenberg, CPA**

3832 SHANNON ROAD  
LOS ANGELES, CALIFORNIA 90027  
323/669-0545 – Fax 323/978-5089  
[elizabeth@tractenberg.net](mailto:elizabeth@tractenberg.net)  
PCAOB # 3621

### **Part II**

#### **Report on Internal Control Required by SEC Rule 17a-5(g)(1) for a Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3**

Board of Directors  
Centara Capital Securities, Inc.  
San Diego, California

In planning and performing my audit of the financial statements of Centara Capital Securities, Inc. (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, I considered the Company's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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 (SEC), I 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 I 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, I 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 and recordation of differences required by Rule 17a-13
2. 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 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 previously 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.

Board of Directors

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 over financial reporting* 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 misstatement 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.

My 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. I did not identify any deficiencies in internal control and control activities for safeguarding securities that I consider to be material weaknesses, as defined previously.

I 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 my study, I 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 Board of Directors, management, the SEC, and FINRA, 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.



Elizabeth Tractenberg, CPA  
Los Angeles, California  
February 15, 2014