

1/21/15



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SECURITIES AND EXCHANGE COMMISSION  
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8-67987

**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 1/1/2013 AND ENDING 12/31/2013  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **E.K. WALLACE SECURITIES LLC**  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
**270 LAFAYETTE ST., SUITE 1204**

OFFICIAL USE ONLY  
FIRM I.D. NO.

**NEW YORK** (No. and Street) **NY** **10012**  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
**EVERETT K. WALLACE** **212-965-1400**  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
**RUBIO CPA, PC**

**900 CIRCLE 75 PARKWAY, SUITE 1100** (Name - if individual, state last, first, middle name)  
**ATLANTA** **GA** **30339**  
(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)

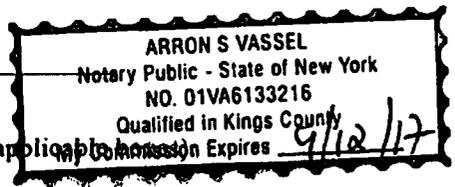
1/21/15

OATH OR AFFIRMATION

I, EVERETT K. WALLACE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of E.K. WALLACE SECURITIES LLC, 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]  
Signature  
\_\_\_\_\_  
CEO  
Title

[Signature]  
Notary Public



- This report \*\* contains (check all applicable items)
- (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).

**E. K. WALLACE SECURITIES, LLC**  
**Financial Statements**  
**For the Year Ended**  
**December 31, 2013**  
**With**  
**Independent Auditor's Report**

## INDEPENDENT AUDITOR'S REPORT

To the Owner  
E. K. Wallace Securities, LLC

### Report on the Financial Statements

We have audited the accompanying financial statements of E. K. Wallace Securities, LLC which comprise the statement of financial condition as of December 31, 2013 and the related statements of operations, member's equity and cash flows for the year then ended, and the related notes to the financial statements that are to be filed pursuant to Rule 17a-5 of the Securities Exchange Act of 1934.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 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 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 E. K. Wallace Securities, 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.

## Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the 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 of the Securities and Exchange Commission.

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 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 is fairly stated in all material respects in relation to the financial statements as a whole.

February 14, 2014  
Atlanta, Georgia



RUBIO CPA, PC

**E. K. WALLACE SECURITIES, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2013**

ASSETS

Cash and cash equivalents	\$ 13,687
Note receivable, less allowance for uncollectible of \$21,600	-
Securities owned	1
Prepaid expense	<u>1,775</u>
Total assets	<u><u>15,463</u></u>

LIABILITIES AND MEMBER'S EQUITY

LIABILITIES

Accounts payable	1,560
Accrued expenses	<u>105</u>

Total liabilities 1,665

MEMBER'S EQUITY

13,798

Total liabilities and member's equity \$ 15,463

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

**E. K. WALLACE SECURITIES, LLC**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended**  
**December 31, 2013**

REVENUES	
Interest income	\$ <u>333</u>
	<u>333</u>
GENERAL AND ADMINISTRATIVE EXPENSES	
Compensation and benefits	9,681
Occupancy	8,148
Communications	462
Other operating expenses	<u>49,655</u>
	<u>67,946</u>
NET (LOSS)	<u>\$ (67,613)</u>

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

**E. K. WALLACE SECURITIES, LLC**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended**  
**December 31, 2013**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net (loss)	\$ (67,613)
Adjustments to reconcile net loss to net cash used by operating activities:	
Charge off of note receivable	21,600
Increase in prepaid expenses	(1,111)
Decrease in accounts payable	(222)
Decrease in accrued expenses	<u>(1,443)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(48,789)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment in note receivable	<u>(334)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(334)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions by member	<u>40,000</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>40,000</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,123)
CASH AND CASH EQUIVALENTS:	
Beginning of period	<u>22,810</u>
End of period	<u>\$ 13,687</u>

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

**E. K. WALLACE SECURITIES, LLC**  
**STATEMENT OF CHANGES IN MEMBER'S EQUITY**  
**For the Year Ended**  
**December 31, 2013**

Balance, December 31, 2012	\$ 41,411
Contributions from member	40,000
Net (loss)	<u>(67,613)</u>
Balance, December 31, 2013	<u>\$ 13,798</u>

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

**E. K. WALLACE SECURITIES, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013**

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

Organization and Description of Business: The Company is a registered broker dealer organized under the laws of the state of New York in December 2007 that began business in March 2011. The Company is registered with the Securities and Exchange Commission, the Financial Industry Regulatory Authority and the securities commissions of appropriate states. The Company's primary business is investment banking services.

Cash and Cash Equivalents: The Company considers all cash and money market instruments with a maturity of ninety days or less to be cash and cash equivalents.

The Company maintains its bank accounts in high credit quality institutions. Deposits at times may exceed federally insured limits.

Income Taxes: The Company has elected to be taxed as a sole proprietorship. Therefore the income or losses of the Company flow through to its member and no income taxes are recorded in the accompanying financial statements.

The Company has adopted the provisions of FASB Accounting Standards Codification 740-10, Accounting for Uncertainty in Income Taxes. Under ASC 740-10, the Company is required to evaluate each of its tax positions to determine if they are more likely than not to be sustained if the taxing authority examines the respective position. A tax position includes an entity's status, including its status as a pass-through entity, and the decision not to file a tax return. The Company has evaluated each of its tax positions and has determined that no provision or liability for income taxes is necessary.

The Company, which files income tax returns in the U.S. federal jurisdiction and various state jurisdictions, is not subject to U.S. federal income tax examination by tax authorities for years before 2010.

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Date of Management's Review: Subsequent events were evaluated through February 14, 2014 which is the date the financial statements were available to be issued.

**E. K. WALLACE SECURITIES, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013**

**NOTE B – NET CAPITAL**

The Company, as a registered broker dealer 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 15 to 1. At December 31, 2013, the Company had net capital of \$12,022, which was \$7,022 in excess of its required net capital of \$5,000 and the ratio of aggregate indebtedness to net capital was .1385 to 1.0.

**NOTE C – RELATED PARTIES**

The Company leases office facilities from an affiliate, E. K. Wallace, LLC, under a sublease that expires December 2014. Rent expense under the agreement for 2013 was \$8,148.

Financial position and results of operations might differ from the amounts in the accompanying financial statements if this related party transaction did not exist.

**NOTE D – FAIR VALUE MEASUREMENTS**

The Company has certain investments reported in the accompanying statement of financial condition. FASB ASC 820-10-50-1 through 50-3 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Financial assets and liabilities valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability.

The following schedule details the level of the Company's financial instruments measured on a recurring basis:

Fair Value Measurement at Reporting Date Using Description

	Quoted Prices In Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
<u>12/31/2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:			
Securities owned	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>
			<u>\$ 1</u>

**NOTE E – NOTE RECEIVABLE**

The Company has an interest bearing promissory note receivable. The \$20,000 note bears an 8% annual interest rate and was due on March 16, 2013. Interest earned on the note in 2013 amounted to \$333 resulting in a total amount receivable of \$21,600 as of December 31, 2013. The unsecured note was not paid or renewed at the maturity date and is fully reserved for possible loss at December 31, 2013.

**NOTE F – CONTINGENCIES**

The Company is subject to litigation in the normal course of business. The Company has no litigation in progress at December 31, 2013.

SUPPLEMENTAL INFORMATION

**SCHEDULE I**  
**E. K. WALLACE SECURITIES, LLC**

COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION ACT OF 1934  
AS OF DECEMBER 31, 2013

NET CAPITAL:

Total member's equity	\$ 13,798
Less nonallowable assets:	
Prepaid expenses	<u>(1,776)</u>
Net capital before haircut	12,022
Less haircuts	<u>-</u>
Net capital	12,022
Less required net capital	<u>5,000</u>
Excess net capital	<u>\$ 7,022</u>
Aggregate indebtedness	<u>\$ 1,665</u>
Percentage of aggregate indebtedness to net capital	<u>13.85%</u>

RECONCILIATION WITH COMPANY'S COMPUTATION OF NET CAPITAL INCLUDED  
IN PART IIA OF FORM X-17A-5 AS OF DECEMBER 31, 2013

There was no significant difference between net capital in the FOCUS Part IIA form and the computation above.

**E. K. WALLACE SECURITIES, LLC**

**SCHEDULE II  
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2013**

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, pursuant to paragraph (k)(2)(i) of the rule.

**SCHEDULE III  
INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2013**

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, pursuant to paragraph (k)(2)(i) of the rule.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL ACCOUNTING CONTROL  
REQUIRED BY RULE 17a-5

To the Owner  
E. K. Wallace Securities, LLC

In planning and performing our audit of the financial statements of E. K. Wallace Securities, LLC, for the year ended December 31, 2013, we considered its internal control structure, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including test of compliance with such practices and procedures) followed by E. K. Wallace Securities, LLC, that we considered relevant to the objective stated in Rule 17a-5(g). We also made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedure for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company related to the following: (1) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13; (2) in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System; and (3) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 an internal control structure 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 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

In addition, no facts came to our attention indicating that the exemptive provision of Rule 15c3-3 had not been complied with during the year.

We 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 purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2013 to meet the Commission's objectives.

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

This report is intended solely for the use of management, the Securities and Exchange Commission and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

February 14, 2014  
Atlanta, Georgia

A handwritten signature in black ink that reads "Rubio CPA, PC". The signature is written in a cursive, flowing style.

RUBIO CPA, PC