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3/18

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

SEC FILE NUMBER
8-45236

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 01/01/14 AND ENDING 12/31/14  
MM/DD/YY MM/DD/YY

### A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: HLH Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

2755 Albatross Drive

(No. and Street)

Costa Mesa

(City)

CA

(State)

92626

(Zip Code)

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

Howard Hull

714 546-6256

(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

(Address)

Los Angeles

(City)

CA

(State)

90027

(Zip Code)

CHECK ONE:

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

FOR OFFICIAL USE ONLY

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

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3/19/15

OATH OR AFFIRMATION

I, Howard Hull, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HLH Securities, Inc., as of December 31, 2014, 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

Howard Hull

Signature

Vice president

Title

Carley Heron  
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).

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

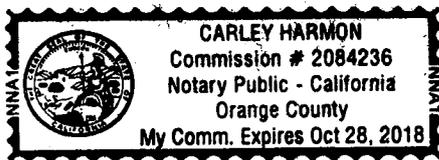
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of Orange )  
On March 9, 2015 before me, Carley Harmon, Notary Public,  
Date Here Insert Name and Title of the Officer  
personally appeared Howard Hull  
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.



Signature Carley Harmon  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: Annual Audited Report Document Date: 01/01/14 - 12/31/14  
Number of Pages: 12 Signer(s) Other Than Named Above: N/A

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

**HLH Securities, Inc.**  
**Statement of Financial Condition**  
**December 31, 2014**

**ASSETS**

Checking	\$	1,423	
Money market		<u>10,526</u>	\$ 11,949
Due from stockholder			<u>5,000</u>
<b>Total Assets</b>			<b>\$ <u><u>16,949</u></u></b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Liabilities**

Due to stockholder			\$ <u>561</u>
<b>Total Liabilities</b>			<u>561</u>

**Stockholder's Equity**

Common stock (\$0 par value, 10,000,000 shares authorized, 10,000 shares issued and outstanding)	\$	-	
Paid-in capital		23,000	
Retained Earnings (Deficit)		<u>(6,612)</u>	
<b>Total Stockholder's Equity</b>			16,388

<b>Total Liabilities and Stockholder's Equity</b>			<b>\$ <u><u>16,949</u></u></b>
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**HLH Securities, Inc.**  
**Statement of Income (Loss)**  
**For The Year Ended December 31, 2014**

<b>Revenue</b>	
Consulting income	\$ 2,357
Reimbursed expenses	10,650
Interest income	<u>6</u>
<b>Total Revenue</b>	<u><u>13,013</u></u>
<b>Operating Expenses</b>	
Commission expense	2,251
Dues and subscriptions	1,150
Professional services	8,875
Regulatory fees	3,736
All others	<u>827</u>
<b>Total Operating Expenses</b>	<u><u>16,839</u></u>
Net income (loss) before tax provision	(3,826)
 Income tax provision	 -
 <b>Net Income (Loss)</b>	 <u><u>\$ (3,826)</u></u>

See Accompanying Notes to Financial Statements

**HLH Securities, Inc.**  
**Statement of Changes In Stockholder's Equity**  
**For The Year Ended December 31, 2014**

	Common Stock Shares	Common Stock	Paid-In Capital	Retained Earnings (Deficit)	Total
<b>Balance December 31, 2013</b>	10,000	\$ -	\$ 19,000	\$ (2,786)	\$ 16,214
<b>Contributions</b>			6,000		6,000
<b>Net Income (Loss)</b>				(3,826)	(3,826)
<b>Distributions</b>			(2,000)		(2,000)
<b>Balance December 31, 2014</b>	<u>10,000</u>	<u>\$ -</u>	<u>\$ 23,000</u>	<u>\$ (6,612)</u>	<u>\$ 16,388</u>

See Accompanying Notes to Financial Statements

**HLH Securities, Inc.**  
**Statement of Changes in Financial Condition**  
**For The Year Ended December 31, 2014**

**Cash Flows from Operating Activities**

Net income (loss)	\$	(3,826)
Adjustments to reconcile net assets to net cash provided by operating activities:		
Increase (Decrease) in bank overdraft		(198)
Increase (decrease) in accrued expenses		(108)
Net cash flows from operating activities		(4,132)

**Cash Flows from Investing Activities**

**Cash Flows from Financing Activities**

Borrowings from shareholder		561
Contributions		6,000
Distributions		(2,000)
Net cash flows from financing activities		4,561

Net increase (decrease) in cash		429
Cash at beginning of year		11,520
Cash at December 31, 2014	\$	<b>11,949</b>

**Supplemental Information**

Interest paid	\$	-
Income taxes paid	\$	-

**HLH Securities, Inc.**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 1 – Organization and Nature of Business**

HLH Securities, Inc. (the “Company”) was incorporated in the State of California on August 29, 1988. The Company is a registered broker-dealer with the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”).

**Note 2 – Significant Accounting Policies**

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

- Broker or dealer selling tax shelters or limited partnerships in primary distributions
- Private placements of securities

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 HLH Securities, Inc..

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

**Revenue Recognition** – Investment banking fees are contingent on, and are recognized upon, the successful completion of a project. Investment banking fees are generated from services related to a limited number of transactions. Due to the nature of the Company's business, the size of any one transaction may be significant to the Company's operations for the period. During 2014, revenues were generated primarily from one customer.

**Provision for Income Taxes** - The Company has elected to be taxed under the provisions of subchapter S of the Internal Revenue Code wherein the Company's taxable federal income is taxed directly to the shareholder. The Company merged out of California reporting requirements.

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 2011 to the present, generally for three years after they are filed.

**HLH Securities, Inc.**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 2 – Significant Accounting Policies (continued)**

**Statement of Changes in Financial Condition** - The Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months that are not held for sale in the ordinary course of business

**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.
- 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, 2014.

**Fair Value Measurements on a Recurring Basis**  
**As of December 31, 2014**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash	\$11,949	\$ -	\$ -	\$ 11,949

**HLH Securities, Inc.**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 4 – Net Capital Requirements**

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2014, the Company had net capital of \$11,388 which was \$6,388 in excess of its required net capital of \$5,000. The Company's net capital ratio was .05 to 1.

**Note 5 - Income Taxes**

As discussed in the Note 2 - Significant Accounting Policies the Company is not subject to California taxes.

**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 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, 2014 because the Company's SIPC Net Operating Revenues are under \$500,000.

**Note 9 – Subsequent Events**

Management has reviewed the results of operations for the period of time from its year end December 31, 2014 through March 5, 2015, 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.

**HLH Securities, Inc.**  
**Schedule I - Computation of Net Capital Requirement**  
**December 31, 2014**

<b>Computation of Net Capital</b>	
Total ownership equity from statement of financial condition	\$ 16,388
Nonallowable assets	
Due from stockholder	<u>(5,000)</u>
Net Capital	<u>\$ 11,388</u>

<b>Computation of Net Capital Requirements</b>	
Minimum net aggregate indebtedness	
6-2/3 % of net aggregate indebtedness	\$ <u>37</u>
Minimum dollar net capital required	\$ <u>5,000</u>
Net Capital required (greater of above amounts)	\$ <u>5,000</u>
Excess Capital	\$ <u>6,388</u>

Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)	\$ <u>11,332</u>
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<b>Computation of Aggregate Indebtedness</b>	
Total liabilities	\$ <u>561</u>
Aggregate Indebtedness to net capital	<u>0.05</u>

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	\$ 11,388
Variance	
Net Capital per Audited Report	<u>\$ 11,388</u>

**HLH Securities, Inc.**  
**Schedule II – Computation for Determination of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**as of December 31, 2014**

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

**HLH Securities, Inc.**  
**Schedule III – Information Relating to Possession or Control**  
**Requirements Under Rule 15c3-3**  
**as of December 31, 2014**

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