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

SEC FILE NUMBER
8-40749

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 January 1, 2015 AND ENDING December 31, 2015  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Southern Pacific Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

28245 Avenue Croker, Suite 106

(No. and Street)

Valencia  
(City)

California  
(State)

91355  
(Zip Code)

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

John Lewis

(661) 257-9711

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Brian W. Anson, CPA

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

18425 Burbank, Suite 606,  
(Address)

Tarzana  
(City)

California  
(State)

91356  
(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)

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SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, John Lewis, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Southern Pacific Securities, Inc., as of December 31, 2015, 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

*See attached*  
\_\_\_\_\_  
Notary Public

*John Lewis*  
\_\_\_\_\_  
Signature  
*President*  
\_\_\_\_\_  
Title

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).



**BRIAN W. ANSON**

*Certified Public Accountant*

18425 Burbank Blvd., Suite 606, Tarzana, CA 91356 • Tel. (818) 401-8800 • Fax (818) 401-8818

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors  
Southern Pacific Securities, Inc.  
Valencia, California

I have audited the accompanying statement of financial condition of Southern Pacific Securities, Inc. as of December 31, 2015 and the related statements of income, changes in shareholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of Southern Pacific Securities Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern Pacific Securities, Inc. as of December 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The supplemental information for the year ended December 31, 2015 (Schedule I, Statement of Net Capital Under Rule 15c3-1, Schedule II, Determination of Determination of Reserve Requirements Under Rule 15c3-3 (exemption), and Schedule III, Information for Possession or Control Requirements Under Rule 15c3-3 (exemption)) has been subjected to audit procedures performed in conjunction with the audit of Southern Pacific Securities, Inc.'s financial statements. The supplemental information is the responsibility of Southern Pacific Securities, Inc.'s management. My audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming my opinion on supplemental information, I evaluated whether the supplemental information, including the form and content is presented in conformity with Rule 17a-5 of the Securities Exchange Act of 1934. In my opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

This opinion is intended solely for the information and use of the board of directors, the Securities and Exchange Commission, and other regulatory agencies which 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.



Brian W. Anson  
Certified Public Accountant  
Tarzana, California  
January 22, 2016

SOUTHERN PACIFIC SECURITIES, INC.

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SOUTHERN PACIFIC SECURITIES, INC.

Statement of Financial Condition  
December 31, 2015

ASSETS

Cash	\$	17,774
Accounts receivable		803
Deferred tax benefit		<u>745</u>
Total assets	\$	<u><u>19,322</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES:

Commissions payable		<u>2,927</u>
Total liabilities	\$	<u>2,927</u>

STOCKHOLDERS' EQUITY:

Common stock, \$10 par value. 1,000 shares issued, and outstanding		10,000
Retained earnings		<u>6,395</u>
Total stockholders' equity		<u>16,395</u>
Total liabilities and stockholders' equity	\$	<u><u>19,322</u></u>

SOUTHERN PACIFIC SECURITIES, INC

Statement of Income  
For the year ended December 31, 2015

REVENUES:

Commissions	\$9,958
Revenues from investments	53,872
Other	21,993
Total income	<u>\$85,823</u>

EXPENSES:

Commissions	58,653
Legal and professional fees	5,500
Occupancy	6,000
Regulatory expense	3,244
Other general and administrative expenses	11,812
Total expenses	<u>85,209</u>

NET INCOME BEFORE INCOME TAXES	<u>\$ 614</u>
Income Tax Expense	<u>800</u>
NET LOSS AFTER INCOME TAXES	<u>\$ (186)</u>

SOUTHERN PACIFIC SECURITIES, INC

Statement of Changes in Stockholder's Equity  
For the year ended December 31, 2015

	1000 Shares Common Stock	Retained Earnings	Total Shareholder's Equity
Beginning balance January 1, 2015	\$ 10,000	\$ 6,581	\$ 16,581
Net loss		(186)	(186)
Ending balance December 31, 2015	\$ 10,000	\$ 6,395	\$ 16,395

SOUTHERN PACIFIC SECURITIES, INC

Statement of Cash Flows  
For the year ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss	\$	(186)
Adjustments to reconcile net loss to net cash provided by operating activities:		
(Increase) decrease in:		
Accounts receivable		27
Increase (decrease) in:		
Accounts payable		1,004
Total adjustments		<u>1,031</u>
Net cash provided by operating activities		<u>845</u>
Increase in cash		845
Cash-beginning of period		16,929
Cash-end of period	\$	<u><u>17,774</u></u>
Supplemental disclosure of cash flow information		
Cash paid during the year for:		
Interest	\$	-
Income taxes	\$	800

SOUTHERN PACIFIC SECURITIES, INC.

Notes to Financial Statements  
December 31, 2015

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Southern Pacific Securities, Inc. (the "Company") was registered as an introducing broker-dealer under the Securities and Exchange Act of 1934, and is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

The Company introduces and forwards all customer and principal transactions involving purchases of securities to another broker or dealer who carries such accounts on a fully disclosed basis. The Company promptly forwards all funds and securities received in connection with its activities with other brokers and does not otherwise hold funds or securities for or owe money to securities to customers. The Company has executed agreements with Wedbush for the handling of customer securities transactions on a fully disclosed basis.

Summary of significant accounting policies

The presentation 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 assets and liabilities and disclosures 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.

For purposes of statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The company includes money market accounts as cash equivalents.

Securities transactions are recorded on a trade date basis with the related commission revenues and expenses also recorded on a trade date basis, including proprietary investment transactions.

Commissions receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

Equipment is stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized. Equipment is depreciated over its estimated useful life of five (5) years by the straight line method.

SOUTHERN PACIFIC SECURITIES, INC.

Notes to Financial Statements  
December 31, 2015

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

The Company, is a California "C" Corporation incorporated on January 3, 1989. The Company has Federal and California net operating losses of approximately \$503 and \$242, respectively. These net operating losses will expire on December 31, 2026. The Company is subject to a minimum of \$800 Franchise Tax of to the State of California.

Management has reviewed subsequent events through January 22, 2016.

The Company is subject to audit by the taxing agencies for years ending December 31, 2012, 2013 and 2014.

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritized 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 liability or, in the absence of a principal market, the most advantageous market for the asset of liability. 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 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 Company states that all assets of \$19,320 are Level 1.

SOUTHER PACIFIC SECURITIES, INC.

Notes to Financial Statements  
December 31, 2015

Note 2: CONCENTRATIONS OF CREDIT RISK

The Company is engaged in various trading and brokerage activities in whose counterparties primarily include broker/dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends upon the creditworthiness of the counterparty or issuer of the instrument. To mitigate the risk of loss, the Company maintains its accounts with credit worthy customers and counterparties.

Note 3: NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission 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. Net capital and aggregate indebtedness change day to day, but on December 31, 2015 the Company had net capital of \$15,650, which was \$10,650 in excess of its required net capital of \$5,000, and the Company's ratio of aggregate indebtedness \$2,927 to net capital was 0.19 to 1, which is less than the 15 to 1 maximum ratio required of a broker/dealer.

SOUTHERN PACIFIC SECURITIES, INC

Statement of Net Capital  
 Schedule I  
 For the year ended December 31, 2015

	Focus 12/31/15	Audit 12/31/15	Change
Stockholder's equity, December 31, 2015	\$ 16,395	\$ 16,395	\$ -
Subtract - Non allowable assets:			
Deferred tax benefit	745	745	-
Tentative net capital	<u>15,650</u>	<u>15,650</u>	-
Haircuts	0	0	-
NET CAPITAL	<u>15,650</u>	<u>15,650</u>	-
Minimum net capital	5,000	5,000	-
Excess net capital	<u>\$ 10,650</u>	<u>\$ 10,650</u>	-
Aggregate indebtedness	2,927	2,927	-
Ratio of aggregate indebtedness to net capital	0.19	0.19	

There were no reported differences between the audit and Focus at December 31, 2015.

SOUTHERN PACIFIC SECURITIES, INC

Schedule II  
Determination of Reserve Requirements  
Under Rule 15c3-3 of the Securities and Exchange Commission  
December 31, 2015

The Company is exempt from the Reserve Requirement of computation according to the provision of Rule 15c3-3(k)(2)(ii).

Schedule III  
Information Relating to Possession or Control Requirements  
Under Rule 15c3-3 of the Securities and Exchange Commission  
December 31, 2015

The Company is exempt from the Rule 15c3-3 as it relates to Possession and Control requirements under the (k)(2)(ii) exemptive provision.

## Assertions Regarding Exemption Provisions

We, as directors of management of Southern Pacific Securities, Inc. ("the Company"), are responsible for compliance with the annual reporting requirements under Rule 17a-5 of the Securities Exchange Act of 1934. Those requirements compel a broker or dealer to file annual reports with the Securities Exchange Commission (SEC) and the broker or dealer's designated examining authority (DEA). One of the reports to be included in the annual filing is an exemption report prepared by an independent public accountant based upon a review of assertions provided by the broker or dealer. Pursuant to that requirement, the management of the Company hereby makes the following assertions:

### **Identified Exemption Provision:**

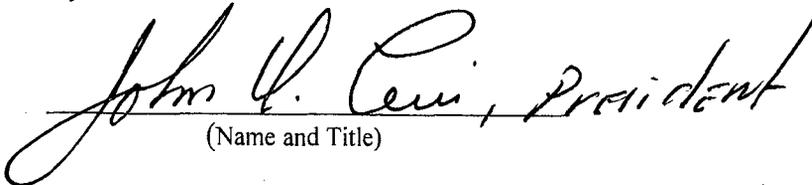
The Company claims exemption from the custody and reserve provisions of Rule 15c3-3 by operating under the exemption provided by Rule 15c3-3, Paragraph (k)(2)(ii).

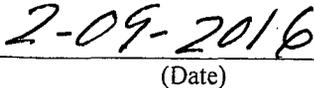
### **Statement Regarding Meeting Exemption Provision:**

The Company met the identified exemption provision without exception throughout the period ending January 1, 2015 through December 31, 2015.

SOUTHERN PACIFIC SECURITIES, INC.

By:

  
\_\_\_\_\_  
(Name and Title)

  
\_\_\_\_\_  
(Date)

**BRIAN W. ANSON**

*Certified Public Accountant*

18425 Burbank Blvd., Suite 606, Tarzana, CA 91356 • Tel. (818) 401-8800 • Fax (818) 401-8818

**REPORT OF INDEPENDENT REGISTERED PUBLIC  
ACCOUNTING FIRM**

Board of Directors  
Southern Pacific Securities, Inc.  
Valencia, California

I have reviewed management's statements, included in the accompanying Southern Pacific Securities, Inc., Inc. Exemption Report in which (1) Southern Pacific Securities, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Southern Pacific Securities, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(ii) (the "exemption provision") and (2) Southern Pacific Securities, Inc. stated that Southern Pacific Securities, Inc. met the identified exemption provision throughout the most recent fiscal year without exception. Southern Pacific Securities, Inc.'s management is responsible for compliance with the exemption provision and its statements.

My review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and accordingly, included inquiries and other required procedures to obtain evidence about Southern Pacific Securities, Inc.'s compliance with the exemption provision. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

  
Brian W. Anson  
Certified Public Accountant  
Tarzana, California  
January 22, 2016