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

SEC FILE NUMBER
8-45648

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 01/01/16 AND ENDING 12/31/16  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Shinhan Investment America Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1325 Avenue of the Americas, Suite 702

(No. and Street)

New York

NY

10019

(City)

(State)

(Zip Code)

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

Yoon Pak

(212) 397-0041

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Sejong LLP

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

2050 Center Avenue Suite 415 Fort Lee

NJ 07024

(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)

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.

OATH OR AFFIRMATION

I, YOON PAK, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SHINHAN INVESTMENT AMERICA INC, as of December 31, 2016, 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:

[Redacted area with diagonal lines]

Yoon Pak  
Signature  
President  
Title

[Signature]  
Notary Public

2/23/17

BARRY EDWARD ROESLER  
Notary Public - State of New York  
No. 01RO6303768  
Qualified in New York County  
My Commission Expires May 19, 2018

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).

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**SHINHAN INVESTMENT AMERICA INC.**

(A Wholly Owned Subsidiary of  
Shinhan Investment Corp.)

Statement of Financial Condition

December 31, 2016

(With Report of Independent Registered Public Accounting Firm Thereon)



integrity · trust · professionalism

2050 Center Avenue Suite 415 Fort Lee, NJ 07024 T. 201.606.2260 | F. 212.695.1969

www.sejongLLP.com

### Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholder  
of Shinhan Investment America, Inc.:

We have audited the accompanying statement of financial condition of Shinhan Investment America, Inc. as of December 31, 2016, and the related notes to the financial statements. This financial statement is the responsibility of Shinhan Investment America, Inc.'s management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial position. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial position presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Shinhan Investment America, Inc. as of December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

SEJONG LLP

Fort Lee, New Jersey  
February 23, 2017

**SHINHAN INVESTMENT AMERICA INC.**

(A Wholly Owned Subsidiary of  
Shinhan Investment Corp.)

Statement of Financial Condition

December 31, 2016

**Assets**

Cash and cash equivalents	\$	362,294
Certificates of deposit		1,358,449
Commissions receivable		26,458
Other receivable		6,944
Prepaid taxes		14,423
Fixed assets, net		23,063
Other assets		19,428
Total assets	\$	<u>1,811,059</u>

**Liabilities and Stockholder's Equity**

Liabilities:

Accrued expenses and other liabilities	\$	61,564
Deferred rent payable		84,728
Total liabilities		<u>146,292</u>

Stockholder's equity:

Common stock, \$0.01 par value. Authorized, issued and outstanding, 15,000 shares		150
Additional paid-in capital		4,199,850
Accumulated deficit		(2,535,233)
Total stockholder's equity		<u>1,664,767</u>
Total liabilities and stockholder's equity	\$	<u>1,811,059</u>

See accompanying notes to financial statements.

**SHINHAN INVESTMENT AMERICA INC.**  
(A Wholly Owned Subsidiary of  
Shinhan Investment Corp.)

Notes to Statement of Financial Condition

December 31, 2016

**(1) Description of Business**

Shinhan Investment America Inc. (the Company) was incorporated on February 1, 1993 under the laws of the State of New York to conduct a securities business in the United States of America. The Company, a wholly owned subsidiary of Shinhan Investment Corp. (the Parent), a Korean corporation, is a registered broker and dealer in securities under the Securities Exchange Act of 1934 and a member of the Financial Industry Regulatory Authority, Inc. (FINRA), and Securities Investor Protection Corporation (SIPC).

The Company engages primarily in broker and dealer transactions of Korean securities and the underwriting of Korean debt and equity securities. Its principal customers are institutions in the United States of America investing in Asian markets. As shown in the accompanying statement of operations, the major source of income is commission income from its brokerage services.

The Company has a clearing agreement with the Parent whereby the Parent clears Korean security transactions for the Company and the Company's customers, and carries such accounts on a fully disclosed basis as the Parent's customers. Accordingly, the Company does not carry customers' accounts and does not receive, deliver, or hold cash or securities in connection with such transactions.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Presentation**

The accompanying statement of financial condition has been prepared in accordance with accounting principles generally accepted in the United States of America.

**(b) Cash Equivalents**

For the purpose of the statement of cash flows, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**(c) Income Taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

**SHINHAN INVESTMENT AMERICA INC.**  
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Notes to Statement of Financial Condition

December 31, 2016

**(d) Use of Estimates**

The statement of financial condition 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 liabilities at the date of statement of financial condition. Actual results could differ from those estimates.

**(3) Related Party Transactions**

The Company executes purchases and sales of Korean securities for customers through the Parent. Commissions on Korean equity security transactions for customers are collected by the Parent directly from the customers and remitted periodically to the Company. The Company also invests its cash surplus in the form of certificate of deposit and money market account with an affiliated bank. A summary of balances with the Parent and the affiliate as of December 31, 2016 is approximately as follows:

Certificates of deposit and money market account	\$	803,000
Commissions receivable		26,000
Accrued interest on certificates of deposit		2,000

**(4) Certificates of Deposit**

At December 31, 2016, certificates of deposit amounted to \$1,358,449, which mature through October 27, 2017, with interest rates ranging from 0.30% to 1.15% per annum.

**(5) Fixed Assets**

Fixed assets, at cost, at December 31, 2016 are summarized as follows:

Equipment	\$	70,766
Furniture and fixtures		55,399
Leasehold improvements		<u>173,328</u>
		299,493
Less accumulated depreciation and amortization		<u>276,430</u>
Fixed assets, net	\$	<u>23,063</u>

**(6) Net Capital Requirements**

The Company, as a registered broker and dealer in securities, is subject to the Uniform Net Capital Rule 15c3-1 of the Securities and Exchange Commission. Such rule prohibits the Company from engaging in any securities transactions whenever its "aggregate indebtedness", as defined, exceeds 15 times its "net capital", as defined. Under such rule, and the related rules of FINRA, the Company may be required to reduce its business if its net capital ratio exceeds 12 to 1, and it may be prohibited from expanding its business if its net capital ratio exceeds 10 to 1.

**SHINHAN INVESTMENT AMERICA INC.**  
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Notes to Statement of Financial Condition

December 31, 2016

At December 31, 2016, the Company had a minimum net capital requirement of \$250,000. The Company had a service agreement (“Chaperoning arrangement”) with the Parent, which was regarded as a foreign broker-dealer under SEC Rule 15a-6(a)(3). SEC requires registered broker and dealers that enter into a service agreement with a foreign broker-dealer to maintain a minimum net capital of \$250,000. At December 31, 2016, the Company had net capital of \$695,663, which exceeded the minimum requirement by \$445,663. The Company’s percentage of aggregate indebtedness to net capital was 21.03%.

**(7) Income Taxes**

The tax effects of temporary differences that give rise to the deferred tax assets at December 31, 2016 are as follows:

Deferred tax assets:	
Net operating loss carry-forwards	1,354,292
Deferred rent	38,582
Fixed assets, principally due to differences in depreciation	<u>29,342</u>
Total gross deferred tax assets	1,422,216
Less valuation allowance	<u>1,422,216</u>
Net deferred tax assets	\$ <u><u>-</u></u>

The net change in the valuation allowance for the year ended December 31, 2016 was an increase of approximately \$176,000. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the period in which those temporary differences become deductible. Based upon the level of historical taxable income and projections for future taxable income over the periods which the deferred tax assets are deductible, management believes it is more likely than not that the company will not realize the benefits of these deductible differences. Accordingly, deferred tax assets have been reduced by a valuation allowance.

At December 31, 2016, the Company had net operating loss carryforwards available for federal income tax purpose of approximately \$2,710,000 which expire in various years through December 31, 2036. The Company also has net operating loss carryforwards for state and local tax purposes amounting to approximately \$3,600,000 at December 31, 2016, which expire in various years through December 31, 2036.

FASB ASC 740-10, *Income Taxes*, requires the Company to determine whether it is more likely than not that a tax position will be sustained upon examination by the applicable tax authority based on technical merits of the position. Management has analyzed the tax positions taken by the Company and has concluded that as of December 31, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

**SHINHAN INVESTMENT AMERICA INC.**  
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Notes to Statement of Financial Condition

December 31, 2016

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. New York State and New York City are where the Company is subject to state and local income taxes. The Company remains subject to examination for the years ended December 31, 2015, and 2014 and fiscal year ended March 31, 2014 for the federal, states, and local jurisdictions.

**(8) Commitment**

The office lease was extended under new term starting April 1, 2014. It expires on March 31, 2023. The office lease contains a rent escalation clause for increases in property taxes and wage over base year, and provisions for payments for maintenance and certain other operating costs.

The future minimum lease payments under the non-cancelable operating lease contracts as of December 31, 2016 are as follows:

<u>Year ending December 31:</u>	
2017	\$ 217,000
2018	233,000
2019	238,000
2020	238,000
2021	238,000
Thereafter	<u>298,000</u>
	<u>\$ 1,462,000</u>

**(9) Off-Balance-Sheet Risk**

The Company reviewed its exposure on off-balance-sheet credit risks regarding the creditworthiness of its customers to fulfill their contracted obligations of security transactions, and determined that the fair value of such exposure is not material. There were no customers' unsettled trades at December 31, 2016.

As the assets and liabilities of the Company are short term in nature, the difference between carrying value and fair value is minimal, and separate disclosure of fair values has not been made.

**(10) Concentration of Credit Risk**

Concentrations of credit risk that arise from financial instruments (whether on or off balance sheet) exist for group of counterparties when they have similar economic characteristics that would cause their ability to meet obligations to be similarly affected by economic, industry or geographic factors. There were no significant concentrations of credit risk at December 31, 2016. The Company seeks to control its credit risk and the potential for risk concentration through a variety of reporting and control procedures.

**(11) Subsequent Events**

The Company has evaluated subsequent events from the date of the statement of financial condition through February 23, 2017, the date at which the statement of financial condition was available to be issued, and determined that there were no other items which required accounting for or disclosure in the statement of financial condition.