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

MAR 01 2017

SEC FILE NUMBER
8-50831

Washington DC

FACING PAGE

416

**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 1/1/16 AND ENDING 12/31/16  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Morgan Wilshire Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

59 Hilton Ave Suite 101

(No. and Street)

Garden City  
(City)

NY  
(State)

11530  
(Zip Code)

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

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Edward Richardson Jr CPA

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

15565 Northland Dr Suite 508 West Southfield MI 48075

(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)

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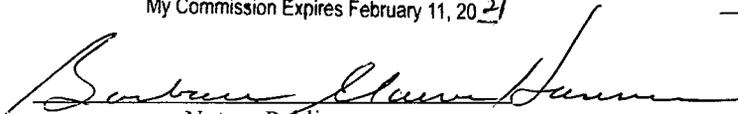


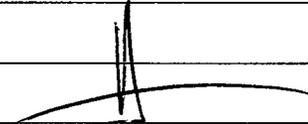
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OATH OR AFFIRMATION

I, Michael Finnan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Morgan Wilshire Securities, 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:

Barbara Elaine Hannon  
Notary Public, State of New York  
Reg No. 01HA6276101  
Qualified in Albany County  
My Commission Expires February 11, 2021

  
Notary Public

  
Signature  
Prey  
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).

**Morgan Wilshire Securities, Inc.**

**Financial Statements and Supplemental Schedules  
Required by the U.S. Securities and Exchange Commission**

**Including Independent Auditor's Report Thereon**

**For the Year-Ended December 31, 2016**

Edward Richardson Jr., CPA  
15565 Northland Dr W Ste 508  
Southfield, MI 48075  
248-559-4514  
Independent Auditor's Report

Board of Directors  
Morgan Wilshire Securities, Inc.  
59 Hilton Avenue Suite 101  
Garden City, NY 11530

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

I have audited the accompanying statement of financial condition of Morgan Wilshire Securities, Inc. as of December 31, 2016 and the related statements of income, changes in stockholder's equity, changes in liabilities to claims of general creditors, and cash flows for the year ended. These financial statements are the responsibility of Morgan Wilshire Securities, Inc. management. My responsibility is to express an opinion on these financial statements based on my audit.

### **Auditor's Responsibility**

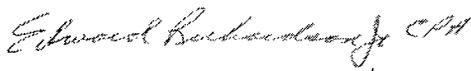
I conducted this audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Morgan Wilshire Securities, Inc. as of December 31, 2016, and results of its operations and its cash flows to the year then ended in conformity with accounting principles generally accepted in the United States.

### **Other Matters**

The Supplemental Information has been subjected to audit procedures performed with audit of Morgan Wilshire Securities, Inc. financial statements. Supplemental Information is the responsibility of Morgan Wilshire 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 the Supplemental Information, I evaluated whether the Net Capital Computation, including its form and content is presented in conformity 17 C.F.R. # 240 17a-5. In my opinion, the Net Capital Computation is fairly stated, in all material respects, in relation to the financial statements as a whole.



Edward Richardson Jr., CPA  
Southfield, MI. 48075  
February 24, 2017

**Morgan Wilshire Securities, Inc.**  
**Financial Statements**  
**Statement of Financial Condition**  
As of and for the Year-Ended December 31, 2016

	<b>December 31, 2016</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Cash and Investments</b>	
Bank Accounts	100,011.54
Other Accounts	111,539.81
Investment Accounts	1505.98
<b>Total Cash and Investments</b>	213,057.33
<b>Other Current Assets</b>	
Clearance Account	393,995.91
Other Assets	142.75
<b>Total Other Current Assets</b>	394,138.66
<b>Total Current Assets</b>	607,195.99
<b>TOTAL ASSETS</b>	<b>607,195.99</b>
 <b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Payroll Payable	404,245.95
Accounts Payable	53,628.48
<b>Total Current Liabilities</b>	457,874.43
<b>Total Liabilities</b>	457,874.43
<b>Equity</b>	
Capital Stock	28.50
Additional Paid in Capital	1,172,779.58
Distributions	(425,000.00)
Retained Earnings	(1,034,060.40)
Net Income	435,573.88
<b>Total Equity</b>	149,321.56
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>607,195.99</b>

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

Confidential  
Treatment  
Requested

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL	
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(Zip Code)

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(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Edward Richardson Jr CPA

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

15565 Northland Dr Suite 508 West Southfield MI 48075  
(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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OATH OR AFFIRMATION

I, Michael Finnan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Morgan Wilshire Securities, 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:

Barbara Elaine Hannon  
Notary Public, State of New York  
Reg No. 01HA6276101  
Qualified in Albany County  
My Commission Expires February 11, 2021

[Signature]  
Signature  
[Title]  
Title

Barbara Elaine Hannon  
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).

**Morgan Wilshire Securities, Inc.**

**Financial Statements and Supplemental Schedules  
Required by the U.S. Securities and Exchange Commission**

**Including Independent Auditor's Report Thereon**

**For the Year-Ended December 31, 2016**

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Edward Richardson Jr., CPA  
15565 Northland Dr W Ste 508  
Southfield, MI 48075  
248-559-4514  
Independent Auditor's Report

Board of Directors  
Morgan Wilshire Securities, Inc.  
59 Hilton Avenue Suite 101  
Garden City, NY 11530

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

I have audited the accompanying statement of financial condition of Morgan Wilshire Securities, Inc. as of December 31, 2016 and the related statements of income, changes in stockholder's equity, changes in liabilities to claims of general creditors, and cash flows for the year ended. These financial statements are the responsibility of Morgan Wilshire Securities, Inc. management. My responsibility is to express an opinion on these financial statements based on my audit.

### **Auditor's Responsibility**

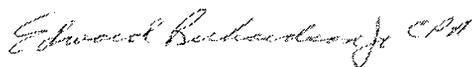
I conducted this audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Morgan Wilshire Securities, Inc. as of December 31, 2016, and results of its operations and its cash flows to the year then ended in conformity with accounting principles generally accepted in the United States.

### **Other Matters**

The Supplemental Information has been subjected to audit procedures performed with audit of Morgan Wilshire Securities, Inc. financial statements. Supplemental Information is the responsibility of Morgan Wilshire 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 the Supplemental Information, I evaluated whether the Net Capital Computation, including its form and content is presented in conformity 17 C.F.R. # 240 17a-5. In my opinion, the Net Capital Computation is fairly stated, in all material respects, in relation to the financial statements as a whole.



Edward Richardson Jr., CPA  
Southfield, MI. 48075  
February 24, 2017

**Morgan Wilshire Securities, Inc.**  
**Financial Statements**  
**Statement of Financial Condition**  
As of and for the Year-Ended December 31, 2016

	<b>December 31, 2016</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Cash and Investments</b>	
Bank Accounts	100,011.54
Other Accounts	111,539.81
Investment Accounts	1505.98
<b>Total Cash and Investments</b>	213,057.33
<b>Other Current Assets</b>	
Clearance Account	393,995.91
Other Assets	142.75
<b>Total Other Current Assets</b>	394,138.66
<b>Total Current Assets</b>	607,195.99
<b>TOTAL ASSETS</b>	<b>607,195.99</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Payroll Payable	404,245.95
Accounts Payable	53,628.48
<b>Total Current Liabilities</b>	457,874.43
<b>Total Liabilities</b>	457,874.43
<b>Equity</b>	
Capital Stock	28.50
Additional Paid in Capital	1,172,779.58
Distributions	(425,000.00)
Retained Earnings	(1,034,060.40)
Net Income	435,573.88
<b>Total Equity</b>	149,321.56
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>607,195.99</b>

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

**Morgan Wilshire Securities, Inc.**  
**Financial Statements**  
**Statement of Income**  
As of and for the Year-Ended December 31, 2016

	<u>January 1 - December 31 2016</u>
<b>Income and Expenses</b>	
<b>Income</b>	
Revenue	3,848,081.88
<b>Total Income</b>	<u>384,081.88</u>
<b>Expense</b>	
Employee Expenses	2,828,416.84
Other Expenses	526,981.32
Regulatory Fees and Expenses	57,109.84
<b>Total Expense</b>	<u>3,412,508.00</u>
<b>Net Income</b>	435,573.88

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

**Morgan Wilshire Securities, Inc.**  
**Financial Statements**  
**Statement of Cash Flows**  
As of and for the Year-Ended December 31, 2016

	<b>Jan 1 - Dec 31 2016</b>
<b>OPERATING ACTIVITIES</b>	
Net Income	435,573.88
<b>Net cash provided by Operating Activities</b>	<b>379,755.70</b>
<b>FINANCING ACTIVITIES</b>	
Distributions	(126,257.30)
Retained Earnings	(298,742.70)
Re-Classify Receivable	(75,000.00)
<b>Net cash provided by Financing Activities</b>	<b>(500,000.00)</b>
<b>Net cash increase for period</b>	<b>(120,244.30)</b>
<b>Cash at beginning of period</b>	<b>333,301.63</b>
<b>Cash at end of period</b>	<b>213,057.33</b>

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

**Morgan Wilshire Securities, Inc.**  
**Financial Statements**  
**Statement of Changes in Ownership Equity**  
**As of and for the Year-Ended December 31, 2016**

Equity Balance December 31, 2016:		138,747.68
Net Income (loss):		435,573.88
Additions: (Contributions)	50,000.00	50,000.00
Deductions: (Distributions and adjustments)	475,000.00	<u>(475,000.00)</u>
Equity Balance December 31, 2016:		149,321.56

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

**Morgan Wilshire Securities, Inc.**  
**Financial Statements**  
**Statement of Changes in Subordinated Liabilities**  
**As of and for the Year-Ended December 31, 2016**

**Exemptive Provisions Rule 15c3-3**

The Company is exempt from Rule 15c3-3 because all customer transactions are cleared through another broker-dealer on a fully disclosed basis. The name of the clearing firm is RBC Correspondent Services.

**Statement of Changes in Liabilities Subordinated to the Claims of General Creditors**

Balance of such claims at January 1, 2016	\$	-
Additions		0.00
Reductions		<u>0.00</u>
Balance of such claims at December 31, 2016	\$	<u>          </u>

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

**MORGAN WILSHIRE SECURITIES, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

NOTE A – SUMMARY OF ACCOUNTING POLICIES

Accounting principles followed by the Company and the methods of applying those principles which materially affect the determination of financial position, results of operation and cash flows are summarized below:

Organization

Morgan Wilshire Securities, Inc., (the “Company”) is primarily engaged in trading on behalf of its clientele. The Company was organized and incorporated under the laws of the State of Delaware. The Company is a broker-dealer registered with the Financial Industry Regulatory Authority (“FINRA”) and the Securities Exchange Commission. The Company, as a non-clearing broker, does not handle customers’ funds or securities. There were no liabilities subordinated to claim of general creditors as of December 31, 2016.

Description of Business

The Company, located in Garden City, New York, is a broker and dealer in securities registered with the Securities and Exchange Commission (“SEC”) and is a member of FINRA. The Company operates under SEC Rule 15c3-3(k)(2)(ii), which provides that all funds and securities belonging to the Company’s customers are held by a clearing broker-dealer.

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

The Company considers as cash all short-term investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable – Recognition of Bad Debt

The Corporation considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Revenue Recognition

Commission revenues are recorded by the Company when the services rendered.

**MORGAN WILSHIRE SECURITIES, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

Income taxes

Effective January 1, 2002, the Company elected “S” corporation status for federal income tax purposes. Under “S” corporation regulations, net income or loss is reportable for tax purposes by the shareholders. Accordingly, no federal income taxes are included in the accompanying financial statements.

Estimates

The preparation 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 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.

Fair Value of Financial Instruments

Financial instruments that are subject to fair value disclosure requirements are carried in the financial statements at amount that approximate fair value and include cash and cash equivalents. Fair values are based on quoted market prices and assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of perceived risk.

Comprehensive Income

Statement of Financial Accounting Standards (SFAS) No. 130, Reporting Comprehensive Income, establishes requirements for disclosure of Comprehensive Income that includes certain items previously not included in the statement of income, including unrealized gains and losses on available-for-sales securities and foreign currency translation adjustment among others. During the year ended December 31, 2016, the Company did not have any components of Comprehensive Income to report.

Concentrations

The Company has revenue concentrations; the company specializes in sales of securities.

SUBSEQUENT EVENT

The Company has evaluated events subsequent to the balance sheet date for items requiring recording or disclosure in the financial statements. The evaluation was performed through February 24, 2017, which is the date the financial statement were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.

**NOTE B – NET CAPITAL REQUIREMENTS**

Pursuant to the net capital provisions of Rule 15c3-3 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis.

There were no material inadequacies in the amount reported as Net Capital in the audited Computation of Net Capital and the broker-dealer’s corresponding Part IIA of the FOCUS report required under Rule 15c3-1.

**MORGAN WILSHIRE SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE C – POSSESSION OR CONTROL REQUIREMENTS**

The Company does not have any possession or control of customer's funds or securities. There were no material inadequacies in the procedures followed in adhering to the exemptive provisions of SEC Rule 15c-3-3(k)(2)(ii) by promptly transmitting all customer funds or securities to the clearing broker who carries the customer accounts.

**NOTE D – OTHER COMMITMENTS AND CONTINGENCIES**

Included in the Company's clearing agreement with its clearing broker-dealer is an indemnification clause. This clause relates to instances where the Company's customers fail to settle security transactions. In the event this occurs, the Company will indemnify the clearing broker-dealer to the extent of the net loss on the unsettled trade. At December 31, 2016, management of the Company had not been notified by the clearing broker-dealer, nor were they otherwise aware of any potential losses relating to this indemnification.

At the statement date, the firm was involved with two open arbitration proceedings. Morgan Wilshire Securities expects a favorable outcome to these proceedings. At this time, it is not possible to estimate the amount of the contingency.

**NOTE E – FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date (i.e., an exit price). The guidance includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

*Level 1* – Quoted, active market prices for identical assets or liabilities. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers of brokers in active markets. Valuation is obtained from readily available pricing sources for market transactions involving identical assets or liabilities. The Company did have any Level 1 assets.

*Level 2* – Observable inputs other than Level 1, such as quoted market prices for similar assets or liabilities, quoted for identical or similar assets in inactive markets, and model derived valuations in which all significant inputs are observable in active markets. The Company did not have any Level 2 assets or liabilities.

*Level 3* – Valuation techniques in which one or more significant inputs are observable in the marketable. The company did not have any Level 3 assets or liabilities.

**MORGAN WILSHIRE SECURITIES, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

NOTE F- OCCUPANCY COST

The company leases its office spaces under an operating lease for a term for seven years which expired on December 31, 2020.

Future minimum lease payments are as follows:

<u>For the year ending December 31,</u>	<u>Annual Amount</u>	<u>Monthly Amount</u>
2016	\$ 66,000	\$ 5,500
2017	66,000	5,500
2018	66,000	5,500
2019	66,000	5,500
2020	<u>66,000</u>	5,500
Total	\$ 330,000	

The amount of rent for year ending December 31, 2016 was \$66,000.00.

**Morgan Wilshire Securities, Inc.**  
**Supplementary Schedules Pursuant to SEA Rule 17a-5**  
**Of the Securities and Exchange Act of 1934**  
As of and for the Year-Ended December 31, 2016

**Computation of Net Capital**

Total Stockholder's equity:		\$ 149,322.00
Nonallowable assets:		
Property and equipment	0.00	
Accounts receivable – other	0.00	0.00
Other Charges		
Haircuts	3,313.00	
Undue Concentration	0.00	(3,313.00)
Net allowable capital		\$ 146,009.00

**Computation of Basic Net Capital Requirement**

Minimum net capital required as a percentage of aggregate indebtedness	<u>\$ 30,525.00</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 100,000.00</u>
Net capital requirement	<u>\$ 100,000.00</u>
Excess net capital	<u>\$ 46,009.00</u>

**Computation of Aggregate Indebtedness**

Total Aggregate Indebtedness	<u>\$ 457,874.00</u>
Percentage of aggregate indebtedness to net capital	<u>313.59%</u>

**Reconciliation of the Computation of Net Capital Under Rule 15c3-1**

Computation of Net Capital reported on FOCUS IIA as of December 31, 2016	\$ 146,099.00
Adjustments:	
Change in Equity (Adjustments)	0.00
Change in Non-Allowable Assets	(0.00)
Change in Haircuts	0.00
Change in Undue Concentration	0.00
NCC per Audit	146,009.00
Reconciled Difference	<u>\$ (0.00)</u>

**Morgan Wilshire Securities, Inc.**  
**Supplementary Schedules Pursuant to SEA Rule 17a-5**  
**Of the Securities and Exchange Act of 1934**  
As of and for the Year-Ended December 31, 2016

**Statement Related to Uniform Net Capital Rule**

The Company is a member of the FINRA and is subject to the SEC Uniform Net Capital Rule 15c3-1. This rule 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% (15 to 1), or, during its first year of operations, 800% (8:1). Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2016, the Company had net capital of \$146,009 which was \$46,009 in excess of its required net capital of \$100,000. The Company's net capital ratio was 313.59%. The Company has elected to use the basic computation method, as is permitted by the rule, which requires that the Company maintain minimum Net Capital pursuant to a fixed dollar amount or 6-2/3% percent of total aggregate indebtedness, as defined, whichever is greater, and does not, therefore, calculate its net capital requirement under the alternative reserve requirement method.

**Statement Related to Exemptive Provision (Possession and Control)**

The Company does not have possession or control of customer's funds or securities. There were no material inadequacies in the procedures followed in adhering to the exemptive provisions of SEA Rule [15c3-3(k)(2)(ii)]; All customer transactions cleared through another broker-dealer on a fully disclosed basis.

**Statement Related to Material Inadequacies**

This audit did not disclose any material inadequacies since the previous audit of the financial statements contained within the audit report of the Computation of Minimum Net Capital Requirement as reported in the Supplemental Schedules contained within the audit report or the filed Financial and Operational Combined Uniform Single Report filed pursuant to SEA Rule 15c3-1. The firm is exempt from 15c3-3; it does not maintain customer funds or securities and therefore does not maintain customer funds to segregate nor does it maintain separate accounts for customers.

**REPORT ON SIPC ASSESSMENT RECONCILIATION**

**For the year ended December 31, 2016**

Edward Richardson Jr., CPA  
15565 Northland Drive  
Suite 508 West  
Southfield, MI 48075

Board of Directors  
Morgan Wilshire Securities  
59 Hilton Ave, Suite 101  
Garden City, NY 11530

INDEPENDENT ACCOUNTANT'S AGREED-UPON PROCEDURES REPORT ON SCHEDULE OF  
ASSESSMENT AND PAYMENTS

In accordance with Rule 17a-5©(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [Transitional Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the period January 1, 2016 to December 31, 2016, which were agreed to by Morgan Wilshire Securities and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and the SIPC, solely to assist you and other specified parties in evaluating Morgan Wilshire Securities compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7). Morgan Wilshire Securities' management is responsible for Morgan Wilshire Securities compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures were performed and our findings are as follows:

1. Compared the listed assessment payments represented on Form SIPC-7 with the respective cash disbursements record entries, including check amounts of \$4,272.54.
2. Compared audited Total Revenue for the period of January 01, 2016 through the December 31, 2016 (fiscal year-end) with the amounts reported on Form SIPC-7 for the same period noting no reportable reconciliation differences.
3. Compared any adjustments reported Form SIPC-7 with supporting schedules and work papers, to the extent such exists, noting no differences.
4. Proved the arithmetical accuracy of the calculations reflected on Form SIPC-7 noting no differences.
5. If applicable, compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed. According to our findings, Morgan Wilshire Securities had no differences.

I was not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.



February 24, 2017

**REPORT ON BROKER DEALER EXEMPTION**

**For the year ended December 31, 2016**

Edward Richardson, Jr., CPA  
15565 Northland Suite 508 West  
Southfield, MI. 48075

February 24, 2017

Board of Directors  
Morgan Wilshire Securities, Inc.  
59 Hilton Avenue  
Suite 101  
Garden City, NY 11530

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

I have reviewed management's statements, included in the accompanying Representation Letter of Exemptions in which (1) Morgan Wilshire Securities, Inc. identified the following provisions of 17 C.F.R. § 15c3-3(k) under which Morgan Wilshire Securities, Inc. claimed an exemption from 17 C.F.R. § 15c3-3(k)(2)(ii), and (2) Morgan Wilshire Securities, Inc. stated that Morgan Wilshire Securities, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Morgan Wilshire Securities, Inc.'s management is responsible for compliance with the exemption provisions 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 Morgan Wilshire Securities, Inc.'s compliance with the exemption provisions. 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'm 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.



Edward Richardson, Jr., CPA

**Morgan Wilshire Securities, Inc.**  
**Supplementary Schedules Pursuant to SEA Rule 17a-5**  
**Of the Securities and Exchange Act of 1934**

As of and for the Year-Ended December 31, 2016  
Exemption Report Pursuant to SEA Rule 17a-5(d)(1)(i)



February 24, 2017

Edward Richardson, Jr. CPA  
15565 Northland Drive  
Suite 508 West  
Southfield, MI 48075

RE: Exemption Statement Rule 15c3-3 (k) (2) (ii) for FYE December 31, 2016

Dear Mr. Richardson Jr.,

Please be advised that Morgan Wilshire Securities, Inc. has complied with Exemption Rule 15c3-3 (k) (2) (ii), for the period of January 1, 2016 through December 31, 2016. Morgan Wilshire Securities, Inc. did not hold customer securities or funds at any time during this period. Morgan Wilshire Securities, Inc.'s past business has been of similar nature and has complied to this exemption since its inception.

Michael Finnan, the president of Morgan Wilshire Securities, Inc. has made available to Edward Richardson all records and information including all communications from regulatory agencies received through the date of this review December 31, 2016.

Michael Finnan has been responsible for compliance with the exemption provision throughout the fiscal year. Also, there were not any know events or other factors that might have affected Morgan Wilshire Securities, Inc.'s compliance with this exemption.

If you would like additional information or have any questions, feel free to call me directly at (516) 622-3100.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael Finnan", is written over a horizontal line.

Michael Finnan  
President  
Morgan Wilshire Securities, Inc.