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

|                 |
|-----------------|
| SEC FILE NUMBER |
| 8-42121         |

Washington DC  
 408 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 01/01/2017 AND ENDING 12/31/2017  
 MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **SISUNG SECURITIES CORPORATION**

|                   |
|-------------------|
| OFFICIAL USE ONLY |
| FIRM I.D. NO.     |

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

**201 ST. CHARLES AVE., SUITE 4240**

(No. and Street)

**NEW ORLEANS**

**LA**

**70170**

(City)

(State)

(Zip Code)

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

LAWRENCE J. SISUNG, JR.

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**LAPORTE, A PROFESSIONAL ACCOUNTING CORPORATION**

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

**5100 VILLAGE WALK SUITE 300 COVINGTON**

**LA**

**70433**

(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)

*Handwritten signature*

OATH OR AFFIRMATION

I, LAWRENCE J. SISUNG, JR., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SISUNG SECURITIES CORPORATION of DECEMBER 31, 2017, 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:

Lawrence J. Sisung, Jr.
Signature
President
Title

Notary Public
133653
34482

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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## Report of Independent Registered Public Accounting Firm

To the Stockholder and Board of Directors  
Sisung Securities Corporation

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Sisung Securities Corporation (the Company) as of December 31, 2017, and the related notes (collectively referred to as the financial statement). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2017, in conformity with accounting principles generally accepted in the United States.

### Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

A Professional Accounting Corporation

We have served as the Company's auditor since 2003.

Covington, LA  
February 27, 2018

LOUISIANA • TEXAS

An Independently Owned Member, RSM US Alliance  
RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each is separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

**SISUNG SECURITIES CORPORATION**  
**Statement of Financial Condition**  
**December 31, 2017**

|   |                     |
|---|---------------------|
| <b>Assets</b>   |                     |
| Cash  | \$ 802,406          |
| Receivable from Clearing Broker   | 556,468             |
| Deposit with Clearing Organization  | 100,000             |
| Trading Securities, at Fair Value   | 115,245             |
| Furniture, Fixtures, and Equipment, Net of<br>Accumulated Depreciation of \$729,902         | 4,208               |
| Other Assets  | 46,795              |
|   | <hr/>               |
| <b>Total Assets</b>   | <b>\$ 1,625,122</b> |
| <br><b>Liabilities and Stockholder's Equity</b>   |                     |
| <b>Liabilities</b>  |                     |
| Accounts Payable and Accrued Expenses   | \$ 112,278          |
| Subordinated Borrowings - Related Party   | 600,000             |
| Deferred Tax Liability  | 18,853              |
| Commitments and Contingencies   | -                   |
|   | <hr/>               |
| <b>Total Liabilities</b>  | <b>731,131</b>      |
| <br><b>Stockholder's Equity</b>   |                     |
| Common Stock, No Par Value, Authorized 1,500 Shares;<br>Issued and Outstanding 1,000 Shares | 1,000               |
| Additional Paid-In Capital  | 49,000              |
| Retained Earnings   | 843,991             |
|   | <hr/>               |
| <b>Total Stockholder's Equity</b>   | <b>893,991</b>      |
|   | <hr/>               |
| <b>Total Liabilities and Stockholder's Equity</b>   | <b>\$ 1,625,122</b> |

The accompanying notes are an integral part of this financial statement.

# SISUNG SECURITIES CORPORATION

## Notes to Financial Statement

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### Note 1. Summary of Significant Accounting Policies

#### Background

Sisung Securities Corporation (the Company) was incorporated primarily to enter into all phases of business as it relates to securities, including, but not limited to, activities in trading and sales, mergers and acquisitions, and public and corporate finance. Approximately 90% of revenues are earned through providing services to institutional customers. The Company operates as a registered broker-dealer pursuant to the Securities Exchange Act of 1934, and is a member of the Financial Industry Regulatory Authority. The Company is a non-clearing broker and, as such, has an agreement with a third-party clearing organization to carry and clear its customers' margin, cash accounts, and transactions on a fully-disclosed basis.

#### Revenue Recognition

Securities transactions and related commission revenue and expenses are recorded on the trade date basis as securities transactions occur.

Management and underwriting fees included in public finance profits are recorded at the time underwriting is completed and the income is reasonably determinable. Merger and acquisition fees are due and payable, and are recognized, upon completion of the transactions.

#### Investment Securities

Marketable securities held for trading are valued at market value, and securities not readily marketable are valued at fair value as determined by the Board of Directors. The resulting difference between cost and market (or fair value) is included in income.

#### Furniture, Fixtures, and Equipment

Furniture, fixtures, and equipment are stated at cost. Depreciation on furniture, fixtures, and equipment is calculated on the straight-line method over the estimated useful lives of the assets, which range from five to seven years. Maintenance and repairs are charged to expense as incurred, while expenditures that substantially increase the useful lives of the assets are capitalized. Major components are as follows at December 31, 2017:

|                          |                  |
|--------------------------|------------------|
| Computer Equipment       | \$ 569,708       |
| Office Furniture         | 112,927          |
| Office Equipment         | 51,475           |
|                          | <u>734,110</u>   |
| Accumulated Depreciation | <u>(729,902)</u> |
|                          | <u>\$ 4,208</u>  |

# SISUNG SECURITIES CORPORATION

## Notes to Financial Statement

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

#### Income Taxes

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 accounts for income taxes in accordance with the *Income Taxes* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740. ASC 740 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognition, interest, penalties, and disclosures required. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

#### Use of 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 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.

#### Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers: Topic 606, to supersede nearly all existing revenue recognition guidance under United States GAAP. In August 2015, the FASB deferred the effective date for implementation of ASU 2014-09 by one year and is now effective for annual reporting periods beginning after December 15, 2017. The Company plans to adopt the revenue recognition guidance in the first quarter of 2018 by implementing the full retrospective method. While the new guidance does not apply to revenue associated with commissions from securities trading, the Company has been working to identify the customer contracts within the scope of the new guidance and assess the related revenues to determine if any accounting or internal control changes will be required for the new provisions. The Company's implementation efforts include the identification of revenue within the scope of the guidance, as well as the evaluation of revenue contracts and related accounting policies. Based on the Company's analysis, it believes there will be no impact on its revenue recognition practices as a result of implementing the new standard.

# SISUNG SECURITIES CORPORATION

## Notes to Financial Statement

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Recent Accounting Pronouncements (Continued)

The new revenue recognition standard applies to the following:

- Trading commission revenue: revenue is recognized at trade date, as it is when the performance obligation is met.
- Investment banking revenues: advisory fees are recognized at a point in time when the related transaction is completed, as the performance obligation is to successfully broker a specific transaction.

In February 2016, the FASB issued ASU 2016-02 *Leases* (Topic 842), which will require lessees to recognize almost all leases on their balance sheet as a right-of-use asset and a lease liability. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Classification will be based on criteria that are largely similar to those applied in current lease accounting. Lessor accounting is similar to the current model, but updated to align with certain changes to the lessee model and the new revenue recognition standard. This ASU is effective for fiscal years beginning after December 15, 2018. The Company is evaluating the effect this ASU may have on its financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows* (Topic 230): Classification of Certain Cash Receipts and Cash Payments, which provides guidance on eight cash flow classification issues with the objective of reducing differences in practice. This ASU is effective for annual periods beginning after December 15, 2017, with early adoption permitted. Adoption is required to be on a retrospective basis, unless impracticable for any of the amendments, in which case a prospective application is permitted. The Company is evaluating the impact of this ASU on its financial statements.

### Note 2. Agreement with Clearing Organization

The Company utilizes Pershing, LLC as its clearing broker. Terms of the agreement with the clearing organization call for the Company to maintain compensating balances of \$100,000. At December 31, 2017, \$100,000 of cash is restricted for that purpose.

### Note 3. Concentrations of Credit Risk

The Company periodically maintains cash in bank and brokerage accounts in excess of insured limits. The Company has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

### Note 4. Receivable from Clearing Brokers

Receivable from clearing broker represents uncollected commissions and fees due from the Company's clearing broker.

# SISUNG SECURITIES CORPORATION

## Notes to Financial Statement

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### Note 5. Trading Securities

Trading securities consist of equity securities owned, at market value.

The Company discloses information about the fair value of its securities in accordance with the provisions of the *Fair Value Measurement* Topic of the FASB ASC 820 which, among other matters, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level 1 include listed equity and debt securities.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include less liquid and restricted equity securities and over-the-counter derivatives.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include general and limited partnership interests in corporate private equity funds, and funds of hedge funds.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used during the year ended December 31, 2017.

The valuation of the Company's investments by the above fair value hierarchy at December 31, 2017, is as follows:

# SISUNG SECURITIES CORPORATION

## Notes to Financial Statement

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### Note 5. Trading Securities (Continued)

|                     | Total     | Level 1   | Level 2 | Level 3 |
|---------------------|-----------|-----------|---------|---------|
| <b>Assets</b>       |           |           |         |         |
| Equity Securities - |           |           |         |         |
| Financial Industry  | \$115,245 | \$115,245 | \$ -    | \$ -    |

### Note 6. Related Party Transactions

The Company has an agreement with Sisung Services, LLC (SS), a related party under common control. Terms of the agreement are for SS to provide various services, including payroll and benefit management services, to the Company.

#### Subordinated Borrowings

At December 31, 2017, the Company had \$600,000 in unsecured subordinated borrowings due to a related party. Interest is paid at 6% and the note matures in October 2023.

The subordinated borrowings are available in computing net capital under the Security and Exchange Commission's (SEC) Uniform Net Capital Rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid.

### Note 7. Income Taxes

The Company files a U.S. federal income tax return and a Louisiana state income tax return. Returns filed in these jurisdictions for tax years ended on or after December 31, 2014 are subject to examination by the relevant taxing authorities. The Company is not currently under examination by any taxing authority.

On December 22, 2017, the U.S. Tax Cuts and Jobs Act (the "Tax Reform Act") was signed into law by President Trump. The Tax Reform Act significantly revised the U.S. corporate income tax regime by, among other things, lowering the U.S. corporate tax rate from 35% to 21% effective January 1, 2018. As of December 31, 2017, the Company has not completed the accounting for the tax effects of enactment of the Act; however, as described above, it has made a reasonable estimate of the effects on existing deferred tax balances. These amounts are provisional and subject to change.

As of December 31, 2017, the Company had no uncertain tax positions.

### Note 8. Commitments and Contingencies

In the normal course of business, the Company initiates customers' securities transactions through a clearing broker which, in accordance with accounting principles generally accepted in the United States of America, are not included on the statement of financial condition. These transactions are referred to as "off-statement of financial condition

# SISUNG SECURITIES CORPORATION

## Notes to Financial Statement

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### Note 8. Commitments and Contingencies (Continued)

commitments” and differ from the Company’s statement of financial condition activities in that they do not give rise to funded assets or liabilities. The Company receives a commission for initiating such transactions for its customers. Initiating these trades for its customers involves various degrees of credit and market risk in excess of amounts recognized on the statement of financial condition. The Company minimizes its exposure to loss under these commitments by subjecting the customer accounts to credit approval and monitoring processes.

Once a trade is executed, a customer is allowed two business days to settle the transaction by payment of the settlement price (when purchasing securities) or the receipt of settlement proceeds (when selling securities).

The Company is required by law to immediately complete a securities transaction when a customer fails to settle. The Company is at risk for any loss realized in completing transactions for its customers. This risk is minimized in that the Company would receive the securities as collateral. At December 31, 2017, all unsettled transactions were subsequently settled by customers without loss to the Company, or open commitments were adequately collateralized.

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company’s financial position, results of operations, or liquidity.

### Note 9. Net Capital Requirement

The Company is a registered broker and dealer in securities and is subject to the Securities and Exchange Commission’s Uniform Net Capital Rule (Rule 15c3-1). Under the Uniform Net Capital Rule, a broker or dealer who does not carry customers’ accounts is to maintain minimum net capital, as defined, equal to the greater of 6-2/3% of aggregate indebtedness, or \$250,000. Net capital may fluctuate on a daily basis. At December 31, 2017, the Company had net capital of \$1,425,702, which was \$1,175,702 in excess of its required minimum net capital of \$250,000. The ratio of aggregate indebtedness to net capital was .09 to 1 at December 31, 2017.

### Note 10. Evaluation of Subsequent Events

FASB ASC Topic 855, *Subsequent Events*, establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, it sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date.

**SISUNG SECURITIES CORPORATION**

**Notes to Financial Statement**

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**Note 10. Evaluation of Subsequent Events (Continued)**

In accordance with ASC 855, the Company evaluated subsequent events through February 27, 2018, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

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### **Financial Statement**

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