



SEC

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ANNUAL AUDITED REPORT  
FORM X-17A-5

PARSEC Mail Processing

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

SEC FILE NUMBER
8- 69077

Washington, DC

REPORT FOR THE PERIOD BEGINNING 07/01/17

AND ENDING 06/30/18

MM/DD/YYYY

MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: HARKEN CAPITAL SECURITIES, LLC

OFFICIAL USE ONLY

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

FIRM I.D. NO.

16 ANN VINAL ROAD

(No. and Street)

SCITUATE

MA

02066

(City)

(State)

(Zip Code)

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

DONALD NELSON

617-899-2048

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

LARRY D. LIBERFARB, P.C.

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

11 VANDERBILT AVENUE SUITE 220

NORWOOD

MA

02062

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

FOR OFFICAL USE ONLY

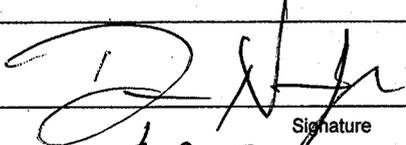
\*Claims for exemption from the requirements that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17-a-8(e)(2)

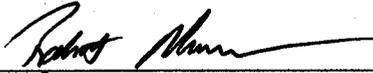
SEC 1410 (05-01) Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

OATH OR AFFIRMATION

I, DONALD NELSON, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HARKEN CAPITAL SECURITIES, LLC, as of JUNE 30, 20 18, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principle officer or director has any proprietary interest in any account classified solely as that of A customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
Signature  
MEMBER / CEO  
Title

  
Robert Messner Notary Public  
Hymenuta County MA

EXPIRES 4/23/2021



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 Proprietor's 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 15c2-3.
- (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).

**HARKEN CAPITAL SECURITIES LLC**

**FINANCIAL STATEMENTS**

**JUNE 30, 2018**

# LARRY D. LIBERFARB, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
AND FINANCIAL ADVISORS

11 Vanderbilt Avenue, Suite 220, Norwood, Massachusetts 02062  
Tel. (781) 255-8800 Fax (781) 255-9217  
E-Mail: Info@Liberfarb.com

## Report of Independent Registered Public Accounting Firm

To the Members  
of Harken Capital Securities LLC

We have audited the accompanying statement of financial condition of Harken Capital Securities LLC as of June 30, 2018, and the related statements of income, changes in members' equity, and cash flows for the year then ended. These financial statements are the responsibility of Harken Capital Securities LLC's management. Our responsibility is to express an opinion on these financial statements 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harken Capital Securities LLC as of June 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The computation of aggregate indebtedness and net capital pursuant to Rule 15c3-1, and the computation for determination of reserve and information relating to possession or control requirements for broker/dealers under rule 15c3-3 have been subjected to audit procedures performed in conjunction with the audit of Harken Capital Securities LLC's financial statements. The supplemental information is the responsibility of Harken Capital Securities LLC's management. Our 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 our opinion of the supplemental information, we evaluated whether the supplemental information, including its form and content, are presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the computation of aggregate indebtedness and net capital pursuant to Rule 15c3-1, and the computation for determination of reserve and information relating to possession or control requirements for broker/dealers under rule 15c3-3 are fairly stated, in all material respects, in relation to the financial statements as a whole.

*Sam Sheehan, PC*

Norwood, Massachusetts  
August 13, 2018

**HARKEN CAPITAL SECURITIES LLC**  
**STATEMENT OF FINANCIAL CONDITION**

**JUNE 30, 2018**

**ASSETS**

Cash	\$ 85,639
Receivables from non-customers	1,277,761
Other assets	<u>1,605</u>
<i>Total assets</i>	<b><u>\$ 1,365,005</u></b>

**LIABILITIES AND MEMBERS' EQUITY**

**LIABILITIES:**

Accounts payable and accrued expenses	<u>\$ 3,062</u>
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**MEMBERS' EQUITY:**

Members' capital	<u>1,361,943</u>
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<i>Total liabilities and members' equity</i>	<b><u>\$ 1,365,005</u></b>
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The accompanying notes are an integral part of this statement.

**HARKEN CAPITAL SECURITIES LLC**

**STATEMENT OF INCOME**

**FOR THE YEAR ENDED JUNE 30, 2018**

**REVENUES:**

Success fees	\$ 1,409,844
Retainers	340,549
Reimbursed expenses	3,643
<i>Total income</i>	<u>1,754,036</u>

**EXPENSES:**

Compensation	1,111,465
Guaranteed payments to members	1,619,905
General operating	83,997
Marketing	2,268
Professional services	42,083
Regulatory	14,141
<i>Total expenses</i>	<u>2,873,859</u>

**NET LOSS**

**\$ (1,119,823)**

The accompanying notes are an integral part of this statement.

**HARKEN CAPITAL SECURITIES LLC**  
**STATEMENT OF CHANGES IN MEMBER'S EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<b>BALANCE, July 1, 2017</b>	<b>\$ 2,471,582</b>
Contributions	10,184
Net loss	<u>(1,119,823)</u>
<b>BALANCE, June 30, 2018</b>	<b><u>\$ 1,361,943</u></b>

The accompanying notes are an integral part of this statement.

**HARKEN CAPITAL SECURITIES LLC**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2018**

**CASH FLOWS FROM (TO) OPERATING ACTIVITIES:**

Net loss \$ (1,119,823)

Adjustments to reconcile net income to net cash provided by operating activities:

Decrease in other assets 2,485

Decrease in receivables from non-customers 1,174,987

Decrease in accounts payable and accrued expenses (8,348)

*Net cash from operating activities* 49,301

**CASH FLOWS USED IN FINANCING ACTIVITIES:**

Contributions from members 10,184

*Net cash from financing activities* 10,184

**NET INCREASE IN CASH** 59,485

**CASH, at beginning of year** 26,154

**CASH, at end of year** \$ 85,639

The accompanying notes are an integral part of this statement.

**HARKEN CAPITAL SECURITIES LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations:**

The Company was organized in the State of Massachusetts on March 8, 2012 as a limited liability company. The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA). The Company carries no customer funds or securities and therefore is exempt from the reserve and possession or control requirements under Rule 15c3-3(k)(2)(i) of the Securities Exchange Act of 1934. The Company markets financial products for its clients.

**Revenue Recognition:**

The Company recognizes revenue when the following criteria have been met: persuasive evidence of an arrangement exists, services have been rendered, collection of the revenue is reasonably assured, and the fees are fixed or determinable.

**Accounts Receivable:**

Accounts receivables are stated at the amount management expects to collect. Management provides for probable uncollectable amounts through a charge to earnings and a credit to an allowance based on the assessment of the current status of individual accounts. At June 30, 2018 management feels that all receivables are collectable.

**Cash and Cash Equivalents:**

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

**Income Taxes:**

The Company does not record a provision for income taxes because the partners report their share of the partnership's income or loss on their income tax returns. The financial statements reflect the partnership's transactions without adjustment, if any, required for income tax purposes.

**Advertising:**

The Company expenses advertising and promotion costs as incurred.

**HARKEN CAPITAL SECURITIES LLC**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**JUNE 30, 2018**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates

**NOTE 2 – 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 (and the rule of the “applicable” exchange also provides that equity capital may not be withdrawn if the resulting net capital ratio would exceed 10 to 1). At June 30, 2018, the Company had net capital of \$82,577, which was \$77,577 in excess of its required net capital of \$5,000. The Company’s aggregate indebtedness to net capital ratio was .04 to 1.

**NOTE 3 – RELATED PARTY TRANSACTIONS**

The Company rents office space from its owners on a tenant at will basis. The Company paid them \$6,432 for the fiscal year ending June 30, 2018.

Since these are related party transactions, operating results could differ if the entities were autonomous.

**NOTE 4 – CONCENTRATION OF CREDIT RISK**

Cash held in banks periodically exceeds the Federal Deposit Insurance Corporation’s (FDIC) insurance coverage of \$250,000, and as a result there may be a concentration of credit risk related to the amount in excess of FDIC insurance coverage.

The Company has one customer which represents 68% of accounts receivable at June 30, 2018.

**NOTE 5 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 13, 2018, the date on which the financial statements were available to be issued. There were no subsequent events that require adjustment or disclosure in the financial statements.

**HARKEN CAPITAL SECURITIES LLC**

**SUPPLEMENTARY SCHEDULES**

**JUNE 30, 2018**

**SCHEDULE I**

**HARKEN CAPITAL SECURITIES LLC**

**COMPUTATION OF NET CAPITAL  
UNDER RULE 15c3-1 OF THE SECURITIES EXCHANGE ACT OF 1934**

**JUNE 30, 2018**

**CREDIT:**

Total member's equity 1,361,943

**DEBITS:**

Nonallowable assets:

Receivables from non-customers 1,277,761

Other assets 1,605

*Total debits*

1,279,366

Net capital before haircuts on securities positions 82,577

Haircuts on securities:

Other securities -

**NET CAPITAL**

82,577

Minimum requirement of 6-2/3% of aggregate indebtedness of  
\$3,062 or \$5,000, whichever is greater

5,000

*Excess net capital*

\$ 77,577

**AGGREGATE INDEBTEDNESS:**

Accounts payable and accrued expenses

\$ 3,062

**RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL**

.04 to 1

**NOTE:** There are no material differences between the above computation of net capital and the corresponding computation as submitted by the Company with the unaudited Form X-17A-5 as of June 30, 2018.

See Independent Registered Public Accountants Firm's Report.

**SCHEDULE II**

**HARKEN CAPITAL SECURITIES LLC**

**COMPUTATION FOR AND INFORMATION RELATED TO POSSESSION  
OR CONTROL DETERMINATION OF RESERVE REQUIREMENTS  
FOR BROKER/DEALERS UNDER RULE 15c3-3 OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**JUNE 30, 2018**

Harken Capital Securities LLC carries no customer funds or securities and therefore is exempt from the reserve and possession or control requirements under Rule 15c3-3(k)(2)(i) of the Securities Exchange Act of 1934. Accordingly, the computation for determination of reserve requirements pursuant to Rule 15c3-3 and information relating to the possession or control requirement to Rule 15c3-3 are not applicable.

# LARRY D. LIBERFARB, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
AND FINANCIAL ADVISORS

11 Vanderbilt Avenue, Suite 220, Norwood, Massachusetts 02062  
Tel. (781) 255-8800 Fax (781) 255-9217  
E-Mail: Info@Liberfarb.com

## Review Report of Independent Registered Public Accounting Firm

To the Members  
of Harken Capital Securities LLC

We have reviewed management's statements, included in the accompanying exemption report, in which (1) Harken Capital Securities LLC identified the following provisions of 17 C.F.R. §15c3-3(k) under which Harken Capital Securities LLC claimed an exemption from 17 C.F.R. §240.15c3-3(k)(2)(i) (the "exemption provisions") and (2) Harken Capital Securities LLC stated that Harken Capital Securities LLC met the identified exemption provisions throughout the most recent fiscal year without exception. Harken Capital Securities LLC's management is responsible for compliance with the exemption provisions and its statements.

Our 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 Harken Capital Securities LLC'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, we do not express such an opinion.

Based on our review, we are 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)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

  
Norwood, Massachusetts  
August 13, 2018

**HARKEN CAPITAL SECURITIES LLC**

**EXEMPTION REPORT  
REQUIREMENT FOR BROKER/DEALERS UNDER  
RULE 17a-5 OF THE SECURITIES EXCHANGE ACT OF 1934**

**June 30, 2018**

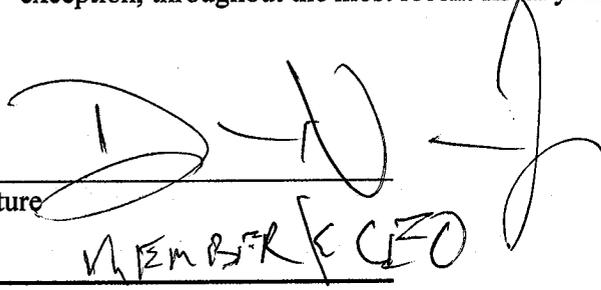
To the best knowledge and belief of Harken Capital Securities:

The Company claimed the (k)(2)(i) exemption provision from Rule 15c3-3 of the Securities Exchange Act of 1934.

The Company met the (k)(2)(i) exemption provision from Rule 15c3-3, without exception, throughout the most recent fiscal year ending June 30, 2018.

Signature

Title



MEMBER / CEO

See Report of Independent Registered Public Accounting Firm.