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

SEC FILE NUMBER
8-66406

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**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 01/01/2018 AND ENDING 12/31/18  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Rainier Securities, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

2955 80th Ave SE Suite 202

(No. and Street)

Mercer Island

WA

98040

(City)

(State)

(Zip Code)

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

Kevin McCabe

425-732-6000

(Area Code – Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Peterson Sullivan LLP

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

601 Union Street, Suite 2300

Seattle

WA

98101

(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)

yw

OATH OR AFFIRMATION

I, Kevin McCabe, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Rainier Securities, LLC, as of December 31, 2018, 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:

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Washington, DC

[Handwritten Signature]

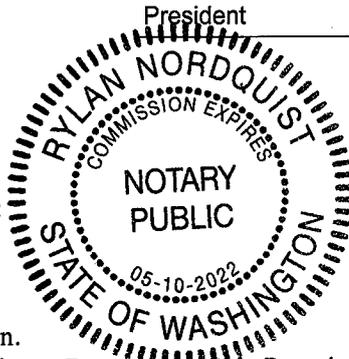
Signature

President

Title

[Handwritten Signature]

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.
X (o) EXEMPTION REPORT REQUIRED BY SEC RULE 17A-5(d)(1)(i)(B)(2)

\*Reserve requirements are not applicable

\*\*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 Managing Member and Members  
Rainier Securities, LLC  
Mercer Island, Washington

**Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Rainier Securities, LLC ("the Company") as of December 31, 2018, the related statements of operations, members' equity, and cash flows for the year then ended, and the related notes and schedules (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements 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 statements are 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 statements, 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 statements. We believe that our audit provides a reasonable basis for our opinion.

## **Auditor's Report on Supplemental Information**

The following supplementary information has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements:

- Schedule I, Computation of Net Capital Under Rule 15c3-1
- Schedule II, Reconciliation Between the Computation of Net Capital Per the Broker's Unaudited Focus Report, Part IIA, and the Audited Computation of Net Capital

The supplemental information is the responsibility of the Company'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 on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as the Company's auditor since 2004.

*Peterson Sullivan LLP*

Seattle, Washington  
February 26, 2019

# RAINIER SECURITIES, LLC

## STATEMENT OF FINANCIAL CONDITION

December 31, 2018

### ASSETS

Cash	\$ 70,490
Accrued interest	182,564
Deposits with clearing organization	100,000
Securities owned	15,215,223
Prepaid expenses	58,193
Deposits	101,373
	<hr/>
	\$ 15,727,843
	<hr/> <hr/>

### LIABILITIES AND MEMBERS' EQUITY

Liabilities	
Loan payable to clearing organization	\$ 10,115,609
Other amounts payable to clearing organization	51,321
Guaranteed payments and bonuses payable	127,266
401(k) contribution payable	146,000
Accrued expenses and other liabilities	78,021
	<hr/>
Total liabilities	10,518,217
Members' equity	5,209,626
	<hr/>
	\$ 15,727,843
	<hr/> <hr/>

See Notes to Financial Statements

**RAINIER SECURITIES, LLC**  
**STATEMENT OF OPERATIONS**  
For the Year Ended December 31, 2018

Revenue	
Net realized and unrealized gains on securities	\$ 2,056,528
Interest and other income	<u>676,289</u>
	2,732,817
Expenses	
Guaranteed payments	549,904
Transaction settlement costs	593,778
Licenses, registrations, and taxes	69,653
Employee wages and payroll taxes	391,453
401(k) employer contributions	91,283
Data subscription	170,415
Professional fees	38,230
Rent	52,856
Interest	312,689
Office	28,077
Communications	10,838
Travel and entertainment	3,620
Depreciation	<u>50,922</u>
	<u>2,363,718</u>
<b>Net income</b>	<b><u><u>\$ 369,099</u></u></b>

See Notes to Financial Statements

**RAINIER SECURITIES, LLC**

**STATEMENT OF MEMBERS' EQUITY**  
For the Year Ended December 31, 2018

Balance, December 31, 2017	\$ 5,095,623
Net income	369,099
Distributions	<u>(255,096)</u>
Balance, December 31, 2018	<u>\$ 5,209,626</u>

See Notes to Financial Statements

**RAINIER SECURITIES, LLC**

**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2018

Cash Flows from Operating Activities	
Net income	\$ 369,099
Adjustments to reconcile net income to net cash flows from operating activities	
Depreciation	50,922
Change in operating assets and liabilities	
Accrued interest	(74,820)
Securities owned	(2,320,639)
Prepaid expenses	47,992
Deposits	(563)
Loan payable to clearing organization	2,103,194
Other amounts payable to clearing organization	11,675
Guaranteed payments and bonuses payable	36,136
Securities sold, not yet purchased	(85,162)
401(k) contribution payable	12,900
Accrued expense and other liabilities	22,928
	<hr/>
Net cash flows from operating activities	173,662
Cash Flows from Investing Activity	
Purchase of furniture and equipment	(50,922)
Cash Flows from Financing Activity	
Distributions to members	(255,096)
	<hr/>
Change in cash	(132,356)
Cash, beginning of year	202,846
	<hr/>
Cash, end of year	\$ 70,490
	<hr/> <hr/>
Supplemental Cash Flow Information	
Cash paid during the year for interest	\$ 312,689
	<hr/> <hr/>

See Notes to Financial Statements

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Organization and Significant Accounting Policies

#### **Organization**

Rainier Securities, LLC ("the Company") is a securities broker and dealer as approved by the Securities and Exchange Commission ("the SEC") and the Financial Industry Regulatory Authority. The Company's activities are primarily comprised of purchasing and selling corporate and municipal bonds, and holding these types of securities for the Company's own account.

As a limited liability company (or "LLC"), an owner's liability is generally limited to contributions made to the LLC. An LLC owner is referred to as a Member. The Company has four Members. All are involved in the Company's operations. The LLC has appointed one Member to act as the Managing Member.

#### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

#### **Cash**

Cash consists of cash in banks. The Company occasionally has deposits in excess of federally insured limits.

#### **Clearing Organization**

The Company has an agreement with National Financial Services, LLC to act as the clearing organization for the Company. The clearing organization clears all security transactions.

The Company is required to maintain certain interest bearing deposit levels with the clearing organization. The amount of the deposit depends on the agreement with the clearing organization and certain exchange market requirements.

The loan payable to the clearing organization bears interest at approximately the Federal funds rate plus 1.00% (resulting in a rate of 3.50% at December 31, 2018), and is secured by securities owned. There is no formal due date associated with this agreement.

#### **Furniture and Equipment**

Furniture and equipment is stated at cost (\$98,250) and has been fully depreciated using straight-line methods over estimated useful lives.

## **Revenue Recognition**

Revenue associated with securities transactions is recognized on a trade date basis.

## **Fair Value Measurements**

Securities owned and securities sold, not yet purchased (short sales) are recorded at fair value and, accordingly, any changes in fair value are recognized in the statement of operations.

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels which prioritize the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

The fair value measurement of securities owned and securities sold, not yet purchased, was determined using Level 2 observable market inputs, within the fair value hierarchy, consisting of quoted values of similar securities as certain securities are not traded on a daily basis.

## **Income Taxes**

The Company is taxed as a partnership and, with limited exceptions, is not taxed at the Company level. Instead, its items of income, loss, deduction, and credit are passed through to its member owners in computing their individual tax liabilities.

## **Subsequent Events**

The Company has evaluated additional subsequent events through the date these financial statements were available to be issued, which was February 26, 2019, see Note 6.

## **Note 2. Securities Owned and Securities Sold, Not Yet Purchased**

Securities owned, at December 31, 2018, are composed of:

Corporate debt securities	\$ 4,084,106
Municipal debt securities	<u>11,131,117</u>
	<u>\$ 15,215,223</u>

One issuer of corporate debt securities (issuing many different debt securities series) represents a total of 32% of the total corporate debt balance, which includes 14% on a single issue. One state issuing municipal debt securities (comprised of many different debt securities series) is equal to 29% of the total municipal debt balance. A second issuer represents 20%.

There were no securities sold, and not yet purchased, as of December 31, 2018.

## **Note 3. Trading Activities and Related Risks**

The Company actively trades corporate and municipal debt securities. Positions in these securities are subject to varying degrees of market and credit risk.

Market prices are subject to fluctuation and, as such, the Company is exposed to market risk. The fair value of the Company's securities will fluctuate in response to changes in market interest rates. Increases and decreases in prevailing interest rates generally translate into decreases and increases in fair values of those instruments. Additionally, fair values of interest rate sensitive instruments may be affected by the credit worthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, and other general market conditions. Market risk is directly impacted by the volatility and liquidity in the markets in which financial instruments are traded. The Company monitors its exposure to market risk, or its market risk profile, on a daily basis through a variety of financial, security position, and control procedures. The Company also tries to minimize the market risk by holding securities for generally less than 30 days.

Credit risk is the possibility of debt securities being downgraded by the rating agencies or the possibility the issuer will go into default. The Company minimizes credit risk by investing in a diversified pool of issuers.

The Company's counterparty risk is minimized by trading primarily with other broker-dealers and by clearing trades via the Federal Wire and the Deposit Trust Company ("DTC"), which ensure settlements occur simultaneously for both sides of the trade.

#### **Note 4. Guaranteed Payments**

The Company makes guaranteed payments to all of its Members. Three of the Members receive their guaranteed payments based on trading profits, net of various expenses, each month. In addition to the guaranteed payments calculated based on the net trading profits, the Managing Member receives a salary of \$50,000 per year. A fourth member (Chief Executive Officer) receives a salary of \$100,000 per year. All payments are increased to cover FICA and Medicare taxes.

#### **Note 5. Leases**

The Company leases its office space under an operating lease that expires in April 2024. Rent and the related expense paid under this operating lease agreement for 2018 was \$44,850. An additional \$8,006 was paid on the prior office space on which the lease agreement expired Jan 2018. The lease payments are guaranteed by a member. The following is a schedule of minimum lease payments required under non-cancelable operating leases for the years ending December 31:

2019	\$	36,290
2020		37,545
2021		38,800
2022		40,055
2023		41,310
2024		13,805
	\$	<u>207,805</u>

#### **Note 6. Subsequent Event**

On January 15, 2019, the Company made distributions to its Members totaling \$209,626. The Company expects to make additional distributions in April 2019, but the amount is undetermined.

#### **Note 7. Contingencies and Guarantees**

As of December 31, 2018, management of the Company believes that there are no contingencies or guarantees (other than the commitment described in Note 5) that may result in a loss or future obligations.

## **Note 8. Net Capital Requirements**

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1). Accordingly, the Company is required to maintain a minimum level of net capital (as defined) of 6 2/3% of total aggregate indebtedness or \$100,000, whichever is greater. At December 31, 2018, the required minimum net capital was \$100,000. At December 31, 2018, the Company had computed net capital of \$4,163,854, which was in excess of the required net capital level by \$4,063,854. In addition, the Company is not allowed to have a ratio of aggregate indebtedness to net capital (as defined) in excess of 15 to 1. At December 31, 2018, the Company's ratio of aggregate indebtedness to net capital was 0.0967 to 1.

S U P P L E M E N T A R Y   I N F O R M A T I O N

## RAINIER SECURITIES, LLC

### SCHEDULE I COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1 December 31, 2018

#### COMPUTATION OF NET CAPITAL

Members' equity	\$ 5,209,626
Deductions	
Other assets	(58,193)
Haircuts on security positions	
Municipal debt securities	(727,682)
Corporate debt securities	(253,415)
Undue Concentration	(6,482)
Net capital	4,163,854
Minimum net capital	100,000
Excess net capital	\$ 4,063,854

#### COMPUTATION OF AGGREGATE INDEBTEDNESS

Guaranteed payments and bonuses payable	\$ 127,266
401(k) contribution payable	146,000
Other amounts payable to clearing organization	51,321
Accrued expenses and other liabilities	78,021
Total aggregate indebtedness	\$ 402,608

#### COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required (6 2/3% of total aggregate indebtedness or \$100,000, whichever is greater)	\$ 100,000
Percentage of aggregate indebtedness to net capital	9.67%
Ratio of aggregate indebtedness to net capital	

Rainier Securities, LLC is exempt from the computation of reserve requirements pursuant to Rule 15c3-3 under paragraph K(2)(ii).

**RAINIER SECURITIES, LLC**

**SCHEDULE II  
RECONCILIATION BETWEEN THE COMPUTATION OF NET CAPITAL PER  
THE BROKER'S UNAUDITED FOCUS REPORT, PART IIA, AND THE  
AUDITED COMPUTATION OF NET CAPITAL**

**December 31, 2018**

Net capital per the broker's unaudited Focus Report, Part IIA, and  
net capital as recalculated

\$ 4,163,854

No adjustments were proposed to net capital per the broker's unaudited Focus Report, Part IIA,  
as a result of our audit.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Managing Member and Members  
Rainier Securities, LLC  
Mercer Island, Washington

We have reviewed management's statements, included in the accompanying Exemption Report – 2018, in which (1) Rainier Securities, LLC ("the Company") identified the following provisions of 17 C.F.R. § 15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3: (2)(ii) ("the exemption provisions") and (2) the Company stated that it has met the identified exemption provisions throughout the most recent fiscal year without exception. The Company'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 the Company'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)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Peterson Sullivan LLP*

Seattle, Washington  
February 26, 2019

**RAINIER SECURITIES, LLC  
EXEMPTION REPORT - 2018**

**RAINIER SECURITIES, LLC** (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. § 240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- 1) The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 ("Customer protection - reserves and custody of securities") under the provisions of 17 C.F.R. § 240.15c3-3(k)(2)(ii) as the Company is an introducing broker dealer who clears all transactions with and for customers on a fully disclosed basis with another clearing broker.
  
- 2) The Company met the exemption provision in 17 C.F.R. § 240.15c3-3(k)(2)(ii) throughout the fiscal year ended December 31, 2018, without exception.

**RAINIER SECURITIES, LLC**

I, Kevin McCabe, affirm that, to the best of my knowledge and belief, this Exemption Report is true and correct.

  
By: Kevin McCabe, President

2-26-19  
(Date)

# petersonsullivan LLP

Certified Public Accountants  
& Advisors

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

### SEC Mail Processing

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Washington, DC

To the Managing Member and Members  
Rainier Securities, LLC  
Mercer Island, Washington

We have reviewed management's statements, included in the accompanying Exemption Report – 2018, in which (1) Rainier Securities, LLC ("the Company") identified the following provisions of 17 C.F.R. § 15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3: (2)(ii) ("the exemption provisions") and (2) the Company stated that it has met the identified exemption provisions throughout the most recent fiscal year without exception. The Company'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 the Company'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)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Peterson Sullivan LLP*

Seattle, Washington  
February 26, 2019

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON**  
**APPLYING AGREED-UPON PROCEDURES**

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To the Managing Member and Members  
Rainier Securities, LLC  
Mercer Island, Washington

FEB 27 2019

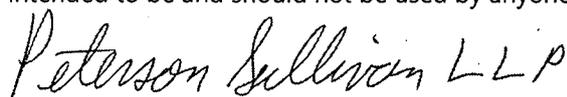
Washington, DC

We have performed the procedures included in Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and in the Securities Investor Protection Corporation ("SIPC") Series 600 Rules, which are enumerated below and were agreed to by Rainier Securities, LLC ("the Company") and the SIPC, solely to assist you and the SIPC in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation ("Form SIPC-7") for the year ended December 31, 2018. The Company's management is responsible for its Form SIPC-7 and for its compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with the standards established by the Public Company Accounting Oversight Board (United States) and in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 we performed, and our findings, are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement record entries, noting no differences;
2. Compared the total revenue amounts reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2018, with the total revenue amounts reported in Form SIPC-7 for the year ended December 31, 2018, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
4. Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's compliance with the applicable instructions of the Form SIPC-7 for the year ended December 31, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our 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.



Seattle, Washington  
February 26, 2019

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**SEC Mail Processing**

To the Managing Member and Members  
Rainier Securities, LLC  
Mercer Island, Washington

FEB 27 2019

Washington, DC

**Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Rainier Securities, LLC ("the Company") as of December 31, 2018, the related statements of operations, members' equity, and cash flows for the year then ended, and the related notes and schedules (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements 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 statements are 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 statements, 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 statements. We believe that our audit provides a reasonable basis for our opinion.

## Auditor's Report on Supplemental Information

The following supplementary information has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements:

- Schedule I, Computation of Net Capital Under Rule 15c3-1
- Schedule II, Reconciliation Between the Computation of Net Capital Per the Broker's Unaudited Focus Report, Part IIA, and the Audited Computation of Net Capital

The supplemental information is the responsibility of the Company'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 on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as the Company's auditor since 2004.

*Peterson Sullivan LLP*

Seattle, Washington  
February 26, 2019

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V...