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

|                                                     |                 |
|-----------------------------------------------------|-----------------|
| OMB APPROVAL                                        |                 |
| OMB Number:                                         | 3235-0123       |
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| SEC FILE NUMBER |
| 8-68440         |

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 01/01/18 AND ENDING 12/31/2018  
MM/DD/YY MM/DD/YY**A. REGISTRANT IDENTIFICATION**NAME OF BROKER-DEALER: **Stone Key Securities LLC**

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

**411 West Putnam Avenue, Suite 110**

(No. and Street)

**Greenwich****CT****06830**

(City)

(State)

(Zip Code)

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

Michael J. Urfirer

(203) 930-3737

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**BDG-CPAs**

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

**76 North Walnut****Ridgewood****NJ****07450**

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

SECURITIES AND EXCHANGE COMMISSION

**RECEIVED****FEB 19 REC'D**

DIVISION OF TRADING &amp; MARKETS

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

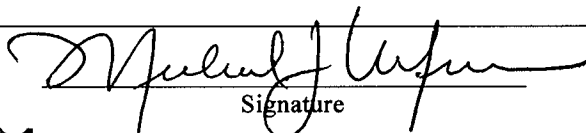
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## OATH OR AFFIRMATION

I, Michael J. Urfirer, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Stone Key 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:

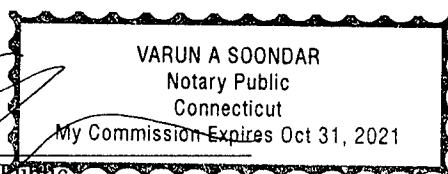
\_\_\_\_\_

\_\_\_\_\_

  
Signature

Chairman & Chief Executive Officer

Title



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).**

# **Stone Key Securities LLC**

## **Report on Audit of Statement of Financial Condition**

**Pursuant to Rule 17a-5 of the  
Securities Exchange Act of 1934**

**December 31, 2018**

# **Stone Key Securities LLC**

**Contents**  
**December 31, 2018**

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|                                                                |            |
|----------------------------------------------------------------|------------|
| <b>Report of Independent Registered Public Accounting Firm</b> | <b>1</b>   |
| <b>Financial Statements</b>                                    |            |
| Statement of Financial Condition                               | <b>2</b>   |
| Notes to Financial Statement                                   | <b>3-5</b> |



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Ridgewood, New Jersey 07450  
201-652-4040  
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## **Report of Independent Registered Public Accounting Firm**

To the Member of  
Stone Key Securities LLC:

### **Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Stone Key Securities LLC (the "Company") as of December 31, 2018, and the related notes (collectively referred to as the "financial statement"). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of the Company as of December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

### **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 statements. We believe that our audit provides a reasonable basis for our opinion.

*BDG-CPAs*

We have served as Stone Key Securities LLC's auditor since 2014.

BDG-CPAs, PC  
Ridgewood, New Jersey  
February 13, 2019

## Stone Key Securities LLC

### Statement of Financial Condition December 31, 2018

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#### Assets

|                           |           |                       |
|---------------------------|-----------|-----------------------|
| Cash and cash equivalents | \$        | 205,067               |
| Prepaid expenses          |           | <u>3,599</u>          |
| <b>Total assets</b>       | <b>\$</b> | <b><u>208,666</u></b> |

#### Liabilities and Member's Equity

|                                                            |           |                       |
|------------------------------------------------------------|-----------|-----------------------|
| <b>Liabilities</b> - accounts payable and accrued expenses | \$        | <u>33,876</u>         |
| Member's equity                                            |           | <u>174,790</u>        |
| <b>Total liabilities and member's equity</b>               | <b>\$</b> | <b><u>208,666</u></b> |

*See accompanying notes to financial statement.*

# Stone Key Securities LLC

## Notes to Financial Statement

December 31, 2018

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### 1. Organization and Business

Stone Key Securities LLC (the "Company"), a Delaware limited liability company, was formed on May 18, 2009. The Company is a wholly owned subsidiary of Stone Key Group LLC (the "Parent Company"). Since December 21, 2010, the Company has been registered as a broker dealer with the Securities and Exchange Commission ("SEC") and has been a member of the Financial Industry Regulatory Authority ("FINRA") and Securities Investor Protection Corporation ("SIPC"). The Company is registered as a broker dealer in the states of Connecticut and New York and maintains offices in Greenwich and Stamford, Connecticut.

### 2. Summary of Significant Accounting Policies

The financial statement of the Company has been prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP"). The Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") has become the exclusive reference of authoritative US GAAP recognized by the FASB to be applied by non-governmental entities. The following is a summary of significant accounting policies used in preparing the financial statement:

#### *Use of Estimates*

The preparation of the financial statement in conformity with US GAAP requires management to make estimates and assumptions that affect amounts and disclosures in the financial statement. Actual results could differ from those estimates.

#### *Cash and Cash Equivalents*

The Company considers amounts due from banks and all highly liquid investments, including those with an initial maturity of three months or less, to be cash equivalents.

#### *Accounts Receivable and Other Receivables*

Receivables are considered fully collectible by management and, accordingly, no allowance for doubtful accounts is considered necessary.

## Stone Key Securities LLC

Notes to Financial Statement  
December 31, 2018

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### 2. Summary of Significant Accounting Policies (continued)

#### *Income Taxes*

The Company is a disregarded entity for federal income tax purposes and is, therefore, required to be treated as a division of its single member. The earnings and losses of the Company are included in the tax return of Stone Key Group LLC. The Company is not subject to income taxes in any jurisdiction. Each member of Stone Key Group LLC is responsible for the tax liability, if any, related to its proportionate share of the Company's taxable income. No provision for federal or state income taxes has been made in the accompanying financial statement since such liabilities, if any, are the responsibility of the Company's sole member.

The authoritative guidance issued by FASB requires management to determine whether it is more likely than not that a tax position will be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon settlement. De-recognition of a tax benefit previously recognized could result in the Company recording a tax liability that would reduce net assets. Tax penalties and interest, if any, would be accrued as incurred and would be recorded on the statement of operations.

Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors. Generally, federal, state and local authorities may examine the Company's tax returns (as part of Stone Key Group LLC's returns) for three years from the date of filing. These returns generally remain open for examination for three years from the date filed with each taxing jurisdiction.



## **Stone Key Securities LLC**

**Notes to Financial Statement  
December 31, 2018**

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### **3. Concentration of Credit Risk**

The Company's cash and cash equivalent balances, maintained at a financial institution, may at times be in excess of the amount insured by the Federal Deposit Insurance Corporation. Management regularly monitors the financial condition of the institution in order to keep the potential risk to a minimum.

The Company is engaged in various advisory, valuation, and private placement activities in which the counterparties include banks and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

### **4. 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. At December 31, 2018, the Company had net capital of \$171,191, which was \$71,191 in excess of its required net capital of \$100,000. The Company's aggregate indebtedness to net capital ratio was 0.2 to 1.

### **5. Subsequent Events**

The Company's management has evaluated the period from January 1, 2019 to February 13, 2019, the date the financial statement was available to be issued, for subsequent events requiring recognition or disclosure in the financial statement. No material subsequent events were identified.