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

FEB 26 2019

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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 Jan 1, 2018 AND ENDING Dec 31, 2018
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Wachtel & Co Inc

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1701 K Street, NW # 615

(No. and Street)

Washington

DC

20006

(City)

(State)

(Zip Code)

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

Wendie L. Wachtel

202-898-1144

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

TGM Group LLC, Certified Public Accountants

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

955 Mt. Hermon Road

Salisbury

MD

21804

(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)

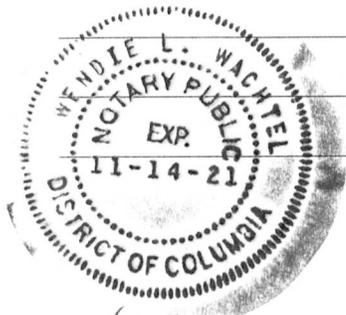
SEC 1410 (11-05)

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OATH OR AFFIRMATION

I, Bonnie K. Wachtel, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Wachtel & Co Inc, 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:



NO Exceptions

Bonnie K. Wachtel
Signature

Bonnie K. Wachtel, CEO

Title

Wendie L. Wachtel
Notary Public

WENDIE L. WACHTEL
NOTARY PUBLIC DISTRICT OF COLUMBIA
My Commission Expires November 14, 2021

This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- (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).*

Wachtel & Co., Inc.
Financial Statements and
Independent Auditors' Report
Year Ended December 31, 2018

Wachtel & Co., Inc.
 Financial Statements
 Year Ended December 31, 2018

	Page
Cover	1
Table of Contents	2
Report of Independent Registered Public Accounting Firm	3-4
Statement of Financial Condition	5
Statement of Income (Loss)	6
Statement of Changes in Stockholders' Equity	7
Statement of Changes in Subordinated Liabilities	8
Statement of Cash Flows	9
Notes to Financial Statements	10 - 14
<u>Supplementary Schedules:</u>	
Computation of Net Capital Pursuant to SEC Rule 15c3-1	15
Computation of Cash Reserve Requirement - SEC Rule 15c3-3	16
Information For Possession or Control Requirements - SEC Rule 15c3-3 ..	17
Reconciliation of the Computation of Net Capital and Computation of Reserve Requirements	18
<u>Other Information:</u>	
Wachtel & Co Inc Exemption Report SEC Rule 17a-5(d)(1)(i)B(2)	19
Independent Auditors' Report on Exemption for SEC Rule 15c3-3	20

Herbert J. Geary III
Corey N. Duncan
Roy J. Geiser
Chris A. Hall
Ronald W. Hickman
Craig A. Walter
Mark A. Welsh



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Wachtel & Co., Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Wachtel & Co., Inc. as of December 31, 2018, and the related statements of income (loss), changes in stockholders' equity, changes in subordinated liabilities, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of Wachtel & Co., Inc. 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 of America.

Basis for Opinion

These financial statements are the responsibility of Wachtel & Co., Inc.'s management. Our responsibility is to express an opinion on Wachtel & Co., Inc.'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 Wachtel & Co., Inc. in accordance with 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 supplemental information listed below has been subjected to audit procedures performed in conjunction with the audit of Wachtel & Co., Inc.'s financial statements.

- Computation of Net Capital Pursuant to SEC Rule 15c3-1
- Computation of Reserve Requirements Pursuant to SEC Rule 15c3-3
- Information Relating to Possession or Control Requirements Pursuant to SEC Rule 15c3-3
- Reconciliation of the Computation of Net Capital under SEC Rule 15c3-1 and the Computation of Reserve Requirements under SEC Rule 15c3-3

The supplemental information is the responsibility of Wachtel & Co., Inc.'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 Wachtel & Co., Inc.'s auditor since 2017.

A handwritten signature in cursive script that reads "JHM Group LLC".

Salisbury, Maryland
February 20, 2019

Wachtel & Co., Inc.
Statement of Financial Condition
December 31, 2018

<u>Assets</u>	
Cash	\$ 426,170
Cash and securities segregated under SEC regulations	86,449
Securities owned - investment account	959,120
Securities owned - trading account	3,721,100
Clearing deposits	180,860
Other receivables	0
Prepaid expenses	1,105
Prepaid income taxes	12,700
Net fixed assets & security deposit	<u>4,491</u>
Total Assets	\$ <u>5,391,995</u>
<u>Liabilities</u>	
Accounts payable and accrued expenses	\$ 16,450
Income Taxes payable	0
Payable to stockholders	0
Deferred tax liability	<u>245,947</u>
Total Liabilities	\$ <u>262,397</u>
<u>Stockholders' Equity</u>	
Capital stock, \$1 par; 100,000 authorized, 56,192 shares outstanding	56,192
Additional paid in capital	969,312
Retained earnings	<u>4,104,094</u>
Total Stockholders' Equity	<u>5,129,598</u>
Total Liabilities and Stockholders' Equity	\$ <u>5,391,995</u>

See Notes to Financial Statements

Wachtel & Co., Inc.
Statement of Income (Loss)
Year Ended December 31, 2018

Revenues	
Commissions	\$ 0
Net Trading Account Gain (Loss)	(175,357)
Investment Account Realized Gain (Loss)	125,667
Investment Account Unrealized Gain (Loss)	(170,328)
Interest	95,804
Dividends	33,551
Mutual Funds	16,989
Consulting Fees	238,000
Other	<u>0</u>
Total Revenues.....	<u>164,326</u>
Expenses	
Accounting and professional services.....	15,488
Advertising.....	0
Clearing charges.....	17,433
Commissions.....	0
Communications & Technology	7,887
Consulting.....	30,000
Dues and licenses.....	5,725
Health benefits.....	35,435
Insurance.....	2,067
Miscellaneous.....	0
Office expense.....	12,352
Officers' salaries.....	60,000
Pension contribution.....	0
Regulatory fees.....	4,238
Rent.....	42,355
Salaries.....	49,530
Taxes, Payroll - DUCB - FUTA.....	8,991
Travel and transportation.....	<u>2,899</u>
Total Expenses.....	<u>294,400</u>
Income before taxes.....	(130,074)
Provision for income taxes.....	<u>44,099</u>
Net (Loss)	\$ (<u>85,975</u>)

See Notes to Financial Statements

Wachtel & Co., Inc.
Statement of Changes in Stockholders' Equity
Year Ended December 31, 2018

	Capital	Paid-in Capital	Retained Earnings
Balances at December 31, 2017	\$ 56,192	\$ 969,312	\$ 4,190,069
Net Income (Loss)	<u>0</u>	<u>0</u>	(<u>85,975</u>)
Balances at December 31, 2018	<u>\$ 56,192</u>	<u>\$ 969,312</u>	<u>\$ 4,104,094</u>

See Notes to Financial Statements

Wachtel & Co., Inc.

Statement of Changes in Subordinated Liabilities

Year Ended December 31, 2018

Subordinated Borrowings as of January 1, 2018	\$	0
Change in Subordinated Borrowings		<u>0</u>
Subordinated Borrowings as of December 31, 2018	\$	<u><u>0</u></u>

See Notes to Financial Statements

Wachtel & Co., Inc.
Statement of Cash Flows
Year Ended December 31, 2018

Cash Flows from Operations	
Interest received	\$ 95,804
Fees and commissions received	254,989
Deposits (paid) received	(102,083)
Net cash flow to purchase and sell securities	(1,685,389)
Dividends received	33,551
Cash paid to suppliers and employees.....	(284,361)
Cash paid to Customers, Brokers & Shareholders	(90,006)
Income taxes paid	(19,711)
Net cash from operations	<u>(1,797,206)</u>
Cash Flows from Investing	
Transfer from Customer Reserve Accounts	496,723
Proceeds from sale of Investment Securities	<u>180,747</u>
Net Cash from Investing	677,470
Net cash from operations & investing	<u>(1,119,736)</u>
Cash and Cash Equivalents at beginning of year	<u>1,545,906</u>
Cash and Cash Equivalents at end of year	<u>426,170</u>
Net decrease in Cash and Cash Equivalents	\$ <u>1,119,736</u>
Reconciliation of Net Income (Loss) to Net Cash Used by Operations	
Net Income (Loss)	\$ (85,975)
Adjustments to reconcile net income to net cash used by operations	
Realized Gain on Investment Securities	(125,667)
Decrease (increase) in other receivables.....	0
Decrease (Increase) in prepaid expenses.....	339
Decrease (Increase) in prepaid taxes	(12,700)
Decrease (Increase) in deposits	(102,083)
Decrease (Increase) in investment account value	170,328
Decrease (Increase) in trading account	(1,490,632)
Increase (Decrease) in accts payable and accrued expenses...	(9,700)
Increase (Decrease) in deferred taxes.....	(51,110)
Increase (Decrease) in payable to stockholders.....	<u>(90,006)</u>
Total adjustments.....	<u>(1,711,231)</u>
Net Cash Provided (Used) by Operations.....	\$ <u>(1,797,206)</u>

See Notes to Financial Statements

Wachtel & Co., Inc.
Notes to Financial Statements

Note 1 – Organization and Nature of Business

The Corporation, incorporated in the District of Columbia, is a securities broker-dealer registered with the Securities and Exchange Commission (SEC), and is a member of the Depository Trust Company and the Financial Industry Regulatory Authority (FINRA). During 2017, the Corporation transferred all customer funds and securities to other advisors and/or custodians. As of December 31, 2017, and December 31, 2018, the Corporation did not hold any customer funds or securities.

The Corporation does not engage in commodities, options, or foreign exchange transactions.

Note 2 – Summary of Significant Accounting Policies

The accounts of the Corporation are maintained and the financial statements prepared, on the accrual basis of accounting, except for dividends which are recorded as income at the time of receipt.

Securities transactions are recorded on a trade date basis.

The Corporation's Investment Account is comprised of securities purchased and held without the intent of short term resale. The Corporation's Trading Account is comprised of securities purchased primarily for the purpose of selling in the near term. Securities are valued at market value and those not readily marketable are valued at fair market value as determined by the Board of Directors. The resulting difference between cost and market (or fair value) is included in income. Realized gain on the Investment Account is determined using FIFO cost. For the year ended December 31, 2018, proceeds from the sale of Investment Account securities totaled \$180,747, resulting in a realized gain of \$125,667. Holding losses included in income on Trading Account and Investment Account securities totaled \$(175,357) and \$(170,328), respectively, for the year ended December 31, 2018.

Fixed assets are recorded at cost. Depreciation is provided for using declining balance methods over estimated useful lives ranging from three to five years. Expenditures for maintenance, repairs, and minor renewals are charged to expense as incurred.

Certain transactions of the Corporation may be subject to accounting methods for Federal income tax purposes that differ significantly from the accounting methods used in preparing the financial statements in accordance with generally accepted accounting principles. Accordingly, the taxable income of the Corporation reported for Federal income tax purposes may differ from net income in these financial statements.

Wachtel & Co., Inc.

Notes to Financial Statements

Income taxes are provided at appropriate rates on amounts as determined in the statement of income. No current provision for taxes is reported to the extent it applies to an increase in the market value of the Investment Account.

The Corporation follows ASC 740-10 which prescribes when to recognize and how to measure the financial statement effects, if any, of income tax positions taken or expected to be taken on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained.

Based on that evaluation, if it was more than 50% probable that a material amount of income tax would be imposed at the entity level upon examination by the relevant taxing authorities, a liability would be recognized in the accompanying balance sheet along with any interest and penalties that would result from that assessment. Should any such penalties and interest be incurred, the Corporation's policy would be to recognize them as operating expenses.

Based on the results of managements' evaluation, there are no such tax positions as of December 31, 2018. Further, no interest or penalties have been accrued or charged to expense as of December 31, 2018.

The Company considers all highly liquid investments with original maturity of three months or less at date of purchase to be cash equivalents.

The statement of cash flows includes funds segregated under rule 15c3-3 of the Securities and Exchange Commission.

The presentation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenue and expenses during the reporting period. The results could differ from those estimates.

Note 3 – Cash and Securities Segregated Under SEC Regulations

Funds segregated in Special Reserve accounts for the benefit of customers under Rule 15c3-3 of the Securities and Exchange Commission are invested in a money market account at United Bank earning interest of 1.00% with a balance of \$76,444, and a money market account at Suntrust Bank earning interest at 0.03% with a balance of \$10,005 as of December 31, 2018.

Wachtel & Co., Inc.
Notes to Financial Statements

Note 4 – Fair Value Measurements

The Corporation measures on a recurring basis its investments at fair value in accordance with FASB codification “Fair Value Measurements and Disclosures”, which provides the framework for measuring fair value. That hierarchy prioritizes the inputs used in determining valuations into three levels. The levels of fair value hierarchy are as follows:

Level 1: Securities traded on an active market. When available, the Corporation measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. Mutual funds are included here.

Level 2: Securities not traded on an active market but observable market inputs are readily available.

Level 3: Securities not traded on an active market and observable inputs are not readily available.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used through December 31, 2018.

Equity securities: Value based on quoted market prices at year end.

Money Market Funds: Value based on net asset value (NAV) at year end.

Mutual funds: Value based on net asset value (NAV) at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Corporation 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.

The Corporation does not have any assets or liabilities that it measures fair value on a non-recurring basis.

The following table sets forth by level, within the fair value hierarchy, the Corporation’s assets at fair value as of December 31, 2018.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity Securities	\$ 1,486,202	\$ 32,485	\$ 0	\$ 1,518,687
Money Market Funds	1,452,563	0	0	1,452,563
Mutual Funds	<u>1,708,970</u>	<u>0</u>	<u>0</u>	<u>1,708,970</u>
Total Assets at fair value	<u>\$ 4,647,735</u>	<u>\$ 32,485</u>	<u>\$ 0</u>	<u>\$ 4,680,220</u>

Wachtel & Co., Inc.
Notes to Financial Statements

Note 5 – Net Fixed Assets

Net fixed assets consist of the following:

Furniture and Equipment	\$25,611
Automobiles	<u>15,887</u>
	41,498
Less: Accumulated Depreciation ..	<u>(39,909)</u>
Net Fixed Assets	<u>\$ 1,589</u>

Note 6 – Transactions with Officers and Stockholders

Amounts receivable and payable to officers and stockholders represent transactions arising in the normal course of business. The amounts are non-interest bearing.

Note 7 – Pension Plan

The Corporation has a discretionary simplified employee pension plan for eligible employees. The total pension expense for the year ended December 31, 2018 was \$0.

Note 8 – Concentration of Credit Risk

At times the combined account balances in any one bank are in excess of the \$250,000 amount insured by the Federal Deposit Insurance Corporation (FDIC). The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Note 9 – Income Taxes

The provision for federal and state income taxes consists of the following:

Current income taxes	
Federal.....	\$ 4,871
Local.....	<u>2,140</u>
Total current provision.....	7,011
Deferred income taxes.....	<u>(51,110)</u>
Total provision for taxes.....	\$ (44,099)

Deferred income taxes are principally applicable to the unrecognized gain on the investment account inventory. The Federal and District of Columbia tax returns of the Corporation are subject to examination by the taxing authorities generally for three years after the date filed.

Wachtel & Co., Inc.

Notes to Financial Statements

Note 9 – Income Taxes (continued)

On December 22, 2017, the Tax Cuts and Jobs Act (TCJA) was signed into law which, among other things, reduced the corporate income tax rate from a graduated set of rates with a maximum of 35% to a flat 21% beginning with tax years ending December 31, 2018. As required by ASC Topic 740, the Corporation re-measured its deferred income tax assets and liabilities for temporary differences impacting future periods. The cumulative adjustment was recognized in the income tax provision from continuing operations as a discrete item in the period that included the enactment date, December 31, 2017. The Company's federal statutory tax rate is now 21%.

Note 10 – Net Capital Requirements

The Corporation is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. As of December 31, 2018, the ratio of aggregate indebtedness to net capital was .06 to 1, and net capital of \$4,297,552 exceeded capital requirements of \$250,000 by \$4,047,552.

Note 11 – Lease

The Corporation occupies space under a lease in effect through October 30, 2023. As of December 31, 2018, the monthly rent was \$2,902.25, plus additional rent for a pro-rata share of operating expense increase starting January 1, 2019. The lease includes an escalation clause of 2.75% per year. Annual minimum future rental payments are as follows:

Year Ending December 31	
2019	\$35,306
2020	\$36,277
2021	\$37,274
2022	\$38,299
2023	<u>\$35,940</u>
Total	<u>\$183,096</u>

Note 12 – Commitments, Contingencies & Guarantees - None

Note 13 – Subsequent Events - None

Management has evaluated events through February 20, 2019, the date on which the financial statements were available to be issued.

Wachtel & Co., Inc.

Computation of Net Capital Pursuant to SEC Rule 15c3-1

December 31, 2018

Total Assets	.....\$	5,391,995
Total Liabilities	.....	262,397
Net Worth	.....	5,129,598
Non-Allowable Assets	.....	210,641
Other Deductions	.....	90,000
Allowable Assets	.....	5,091,354
Net Capital before Haircuts	.....	4,828,957
Haircuts	.....	531,405
Adjusted Net Capital	.....	4,297,552
Liabilities Not Included in Aggregate Indebtedness...		0
Aggregate Indebtedness	.....	262,397
Calculated Required Capital	.....	17,493
Minimum Required Capital	.....	250,000
Excess Capital	..... \$	4,047,552
Ratio (AI / Net Capital)	.....	.06

Wachtel & Co., Inc.

Computation of Cash Reserve Requirement Pursuant to SEC Rule 15c3-3

December 31, 2018

Customer Credit Balances	\$	0
Customers' Securities F/R.....		0
Total Credits		0
Customer Debit Balances (-1%)		0
Customers' Securities F/D.....		0
Total Debits.....		0
Excess of Credits Over Debits.....		0
Amount in Reserve a/c (12/31/18).....		86,449
January Deposit or (Withdrawal).....		0
New Balance in Account.....		86,449
Excess Deposit Over Requirement.....	\$	86,449

See Notes to Financial Statements.

Wachtel & Co., Inc.

Information for Possession or Control Requirements under SEC Rule 15c3-3

December 31, 2018

Market Valuation and Number of Items of:

1. Customers' fully paid securities not in Wachtel & Co., Inc.'s possession or control as of December 31, 2018 (for which instructions to reduce possession or control had been issued) but for which the required action was not taken within the time frame specified under rule 15c3-3. (Notes A and B below.)

Number of Items – None Value – None

2. Customers' fully paid securities for which instructions to reduce to possession or control had not been issued as of December 31, 2018, excluding items arising from "temporary lags which result from normal business operations" as permitted under rule 15c3-3. (Notes B and C below.)

Number of Items – None Value – None

Notes

A. There were no customers' fully paid securities required to be in possession or control as of the report date.

B. Since there were no items reported above, they were not subsequently reduced to possession or control.

C. There are no items arising from "temporary lags which result from normal business operations".

Wachtel & Co., Inc.

Reconciliation of the Computation of Net Capital Under Rule 15c3-1, and the Computation for
Determination of Reserve Requirements Under Rule 15c3-3

December 31, 2018

Net Capital:

Net capital per December 31, 2018 FOCUS report (unaudited)	\$ 4,297,552
Net capital per audited financial statements	<u>4,297,552</u>
Differences	-

There were no reconciling items between the net capital computation as reported on the December 31, 2018 FOCUS report (unaudited) and the audited financial statements.

Reserve Requirements:

Reserve requirements per December 31, 2018 FOCUS report (unaudited)	\$ -
Reserve requirements per audited financial statements	<u>-</u>
Differences	-

There were no reconciling items between the reserve requirements computation as reported on the December 31, 2018 FOCUS report (unaudited) and the audited financial statements.



Wachtel & Co Inc §§ 240.17a-5(d)(1)(i)(B)(2) Exemption Report

Exemption Report for SEC Rule 15c3-3

For the Year Ending December 31, 2018

For the year ending December 31, 2018, Wachtel & Co Inc, claimed exemption from the governance of SEC Rule 15c3-3 as outlined under paragraph (k) (2) (i).

SEC Rule 15c3-3 paragraph (k) (2) (i) states:

The provisions of this rule shall not be applicable to a broker or dealer: (i) Who carries no margin accounts, promptly transmits all customer funds and delivers all securities received in connection with its activities as a broker or dealer, does not otherwise hold funds or securities for, or owe money or securities to, customers and effectuates all financial transactions between the broker or dealer and its customers through one or more bank accounts, each to be designated as "Special Account for the Exclusive Benefit of Customers of (name of the broker or dealer)."

At no time during the year ending December 31, 2018, did Wachtel & Co Inc, hold funds or securities for, or owe money or securities to, customers. Wachtel & Co Inc qualified at all times during the year ending December 31, 2018, without exception, under the provisions of SEC Rule 15c3-3 paragraph (k) (2) (i).

Respectfully submitted,

January 10, 2019

Bonnie K. Wachtel, CEO

Herbert J. Geary III
Corey N. Duncan
Roy J. Geiser
Chris A. Hall
Ronald W. Hickman
Craig A. Walter
Mark A. Welsh



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON EXEMPTION FOR RULE 15c3-3

To the Board of Directors and Stockholders
Wachtel & Co., Inc.
Washington, D.C.

We have reviewed management's statements, included in the accompanying Exemption Report for Rule 15c3-3, in which (1) Wachtel & Company, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Wachtel & Company, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: (2)(i) (exemption provisions) and (2) Wachtel & Company, Inc. stated that Wachtel & Company, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Wachtel & Company, Inc.'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 Wachtel & Company, 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, 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.

A handwritten signature in black ink that reads "TGM Group LLC". The signature is written in a cursive, flowing style.

Salisbury, Maryland
February 20, 2019