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Washington, DC

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

SEC FILE NUMBER
8-69838

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 January 1, 2018 AND ENDING December 31, 2018  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Honey Badger Investment Securities, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

2010 Main Street, Suite 320

(No. and Street)

Irvine

Ca

92614

(City)

(State)

(Zip Code)

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

Arthur E. Raitano

949-251-5000

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Alvarez & Associates, Inc.

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

9221 Corbin Avenue, Suite 165 Northridge

CA

91324

(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, Arthur E. Raitano, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Honey Badger Investment 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:

SEC Mail Processing

FEB 26 2019

Washington, DC

[Signature]
Signature
CFO
Title

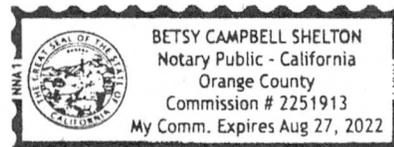
[Signature]
Notary Public

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).

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.



State of California
County of Orange

Subscribed and sworn to (or affirmed) before me on this 20th day of February,

2019 by Arthur E. Raitano proved to me on the basis of satisfactory evidences to be the person who appeared before me.

Notary Public [Signature]



**ALVAREZ & ASSOCIATES, INC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Directors and Equity Owners of Honey Badger Investment Securities, LLC:

**Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Honey Badger Investment Securities, LLC (the "Company") as of December 31, 2018, the related statements of income, changes in members' equity, changes in subordinated liabilities to the claims of general creditors, 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 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.

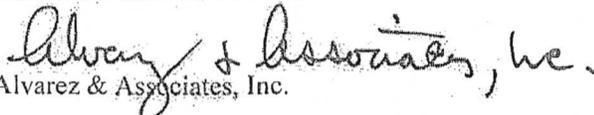
**Basis for Opinion**

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.

**Supplemental Information**

The information contained in Schedules I and II ("Supplemental Information") has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. 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, Schedules I and II are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

  
Alvarez & Associates, Inc.

We have served as the Company's auditor since 2018.  
Northridge, California  
February 20, 2019

☎ 818-451-4661

9221 Corbin Avenue Suite 165  
Northridge, California 91324  
www.AAICPAs.com



**Honey Badger Investment Securities, LLC**  
**Statement of Financial Condition**  
**December 31, 2018**

**Assets**

Cash	\$ 13,174
Receivable from Clearing Organization	108,774
Deposit with clearing organization	672,086
Secured Demand notes	2,500,000
Investments, at fair market value	6,211,674
Property and equipment, net	2,939
Other assets	7,638
<b>Total Assets</b>	<b>\$9,516,285</b>

**Liabilities and Member's Equity**

**Liabilities**

AP & Accrued Expenses	\$ 37,600
Due to clearing broker	6,321,737
Liabilities subordinated to the claims of general creditors	2,500,000
<b>Total Liabilities</b>	<b>\$8,859,337</b>

**Member's Equity**

Members Equity	\$ 656,948
<b>Total Member's equity</b>	<b>656,948</b>
<b>Total liabilities and Member's equity</b>	<b>\$9,516,285</b>

**The accompanying Notes are an integral part of the Financial Statements.**

**Honey Badger Investment Securities, LLC**  
**Statement of Income**

**For The Year Ended December 31, 2018**

**Revenues**

Trading Gains & Losses	\$ 573,424
Municipal Interest	54,5798
Revenue	<u>29,203</u>

**Total revenues** 1,148,425

**Expenses**

Employee Comp. & Ben.	278,987
Occupancy	34,331
Brokerage & Clearance fee	80,533
Communications	27,703
Interest expense	516,620
Other operating costs	50,662
Regulatory costs	<u>7,919</u>

**Total expenses** 996,755

**Net income (loss) before income tax provision** 151,670

**Income tax provision** 7,100

**Net income (loss)** \$ 144,570

**The accompanying Notes are an integral part of the Financial Statements.**

**Honey Badger Investment Securities, LLC**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2018**

**Cash flow from operating activities:**

Net income (loss)		\$ 144,570
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	\$ 1,993	
(Increase) decrease in :		
Receivable from clearing broker	(47,236)	
Deposit with clearing broker	(372,016)	
Investments, at fair market value	(91,548)	
Other assets	630	
(Decrease) increase in :		
AP & accrued expenses	9,981	
Due to clearing broker	<u>324,013</u>	
Total adjustments		<u>(174,183)</u>
<b>Net cash provided by (used in) operating activities</b>		<b>(29,613)</b>
<b>Cash flow from investing activities:</b>		
Purchases of property and equipment	<u>(322)</u>	
<b>Net cash provided by (used in) investing activities</b>		<b>(322)</b>
<b>Net cash provided by (used in) financing activities</b>		<b><u>-</u></b>
<b>Net increase (decrease) in cash</b>		<b>(29,935)</b>
<b>Cash at December 31, 2017</b>		<b><u>43,109</u></b>
<b>Cash at December 31, 2018</b>		<b><u><u>\$ 13,174</u></u></b>

**Supplemental disclosure of cash flow information:**

Cash paid during the year for:

Interest	\$ 355,797
Income taxes	\$ 1,700

The accompanying Notes are an integral part of the Financial Statements.

**Honey Badger Investment Securities, LLC  
Statement of Changes in Members' Equity  
For The Year Ended December 31, 2018**

	<b>Members' Equity</b>
<b>Balance at December 31, 2017</b>	<b>\$512,378</b>
<b>Net Income (Loss)</b>	<b><u>\$144,570</u></b>
<b>Balance at December 31, 2018</b>	<b><u>\$656,948</u></b>

**The accompanying Notes are an integral part of the Financial Statements.**

**Honey Badger Investment Securities, LLC**  
**Statement of Changes in Liabilities Subordinated**  
**To the claims of General Creditors**  
**For The Year Ended December 31, 2018**

	<b>Total</b>
<b>Balance at December 31, 2017</b>	<b>2,500,000</b>
<b>Increase:</b>	
<b>Issuance of Subordinated Notes</b>	
<b>(Decrease):</b>	
<b>Balance at December 31, 2018</b>	<b>\$2,500,000</b>

**The accompanying Notes are an integral part of the Financial Statements.**

**Honey Badger Investment Securities, LLC**  
**Notes to the Financial Statements**  
**For The Year Ended December 31, 2018**

**NOTE 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization*

Honey Badger Investment Securities, LLC (the "Company") was organized in the State of Delaware on April 13, 2016. The Company is a registered broker-dealer in securities under the Securities and Exchange Act of 1934. The Company is a member of the Financial Industry Regulatory Authority ("FINRA"), and the Securities Investor Protection Corporation ("SIPC") and is registered with the Municipal Securities Rulemaking Board ("MSRB").

The Company is engaged in business as a securities broker-dealer. Substantially all its business consists of trading municipal securities in a principal capacity for its proprietary inventory position and providing execution services for its institutional accounts.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3(k)(2)(ii), the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

*Summary of Significant Accounting Policies*

The presentation 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 date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Marketable securities owned by the Company are classified as trading securities and stated at their fair market value based on market prices. Trading revenue consists of both realized gains or losses from the purchase and sale of marketable securities and unrealized gains or losses on marketable securities.

Property and equipment are stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized.

**Honey Badger Investment Securities, LLC**  
**Notes to the Financial Statements**  
**For The Year Ended December 31, 2018**

**NOTE 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

The Company, with the consent of its Members, has elected to be a Delaware Limited Liability Company. For tax purposes, the Company is treated like a partnership, therefore in lieu of business income taxes, the Members are taxed on the Company's taxable income. Accordingly, no provision or liability for Federal Income Taxes is included in these financial statements.

**NOTE 2: DEPOSIT WITH CLEARING BROKER**

The Company has a brokerage agreement with its clearing broker to carry its account and the accounts of its clients as customers of the clearing firm. The clearing broker has custody of the Company's cash balances which serve as collateral for any amounts due to the clearing broker as well as collateral for securities sold short or securities purchased on margin. Interest is paid monthly on these cash deposits at the average overnight repurchase rate. The balance at December 31, 2018 was \$571,561.

Pursuant to the clearing agreement with Hilltop Securities, Inc. ("Clearing Broker"), the Company introduces all its securities transactions to the clearing broker on a fully disclosed basis. Customers' money balances and security positions are carried on the books of the clearing broker. In accordance with the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company. The Clearing Broker has custody of the Company's deposit balance of \$100,524 which serves as collateral for securities transactions pursuant to the clearance agreement.

**NOTE 3: RECEIVABLE FROM CLEARING BROKER**

Receivable from clearing broker represents receivables for current inventory gains, coupon interest net of clearing costs. These receivables are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial. Total receivable at December 31, 2018 was 108,773.

**NOTE 4: INVESTMENTS, AT FAIR MARKET VALUE**

Investments, at fair market value consist of municipal securities. As discussed in Note 1, these securities are classified as trading securities and stated at their fair market value based on market prices. Municipal securities for which there is no market on a securities exchange or no independent publicly quoted market price are valued at fair value as determined by management. At December 31, 2018, these securities are carried at their fair market value of \$6,211,674 which is \$86,864 less than cost. These investments were purchased on margin from the clearing broker. The Company is carrying a \$6,321,737 margin balance with the clearing broker at December 31, 2018.

**Honey Badger Investment Securities, LLC**  
**Notes to the Financial Statements**  
**For The Year Ended December 31, 2018**

**NOTE 5: INCOME TAXES**

As discussed in the Summary of Significant Accounting Policies (Note 1), all tax effects of the Company's income or loss are passed through to the members. Therefore, no provision or liability for Federal Income Taxes is included in these financial statements. As such, the Company is subject to a limited liability company gross receipts tax, with a minimum franchise tax.

California Franchise Tax	\$ 800
California LLC Fee	<u>\$6,300</u>
Total Income Tax Provision	\$7,100

**NOTE 6: PROPERTY AND EQUIPMENT, NET**

Property and equipment, net is recorded net of accumulated depreciation and summarized by major classification as follows:

		Useful life
Property and equipment	\$ 6,250	3
Less: accumulated depreciation	<u>(3,311)</u>	
Property and equipment, net	<u>\$ 2,939</u>	

Depreciation expense for the year ended December 31, 2018 was \$1,994

**NOTE 7: FAIR VALUE MEASUREMENTS**

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the assets or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 – Quoted prices in active markets for identical securities.

Level 2 – Observable inputs other than quoted prices included in level 1, such as quoted prices for similar securities in active markets; quoted prices for identical or similar securities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data (Including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

**Honey Badger Investment Securities, LLC**  
**Notes to the Financial Statements**  
**For The Year Ended December 31, 2018**

**NOTE 7: FAIR VALUE MEASUREMENTS**  
**(Continued)**

Level 3 – Pricing inputs are unobservable that are significant to the fair value measurement and include situations where there is little if any market activity for the investment. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Investments, at fair market value (Muni Bonds)	\$ -	\$ 6,211,674	\$ -	\$ 6,211,674
<b>TOTALS</b>	<u>\$ -</u>	<u>\$ 6,211,674</u>	<u>\$ -</u>	<u>\$ 6,211,674</u>

The fair market value of these level investments held by the Company are recorded utilizing the pricing services the Clearing Firm provides. The Clearing Firm uses these prices to determine the margin and buying power for the Company.

**NOTE 8: SUBORDINATED LIABILITIES**

The borrowings under subordination agreements at December 31, 2018, are listed in the following:

	Amount
Subordinated note, due January 1, 2021	\$1,975,000
Subordinated note, due January 1, 2021	525,000
Total	<u>\$2,500,000</u>

The subordinated borrowings from members are covered by agreements approved by FINRA and are thus available in computing net capital under the uniform net capital rule of the Securities and Exchange Commission. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid. Interest is calculated based on the high end of the Federal Funds Target Rate which was 1.50% from January 1, 2018 to March 21, 2018 when the rate changed to 1.75%. The rate remained at 1.75% until June 13 when it increased to 2.0%. It remained at 2% until September 25 when it changes to 2.25% and remained at that level through December 31, 2018. The firm paid a total of \$46,662 in interest to the subordinated lenders.

**Honey Badger Investment Securities, LLC**  
**Notes to the Financial Statements**  
**For The Year Ended December 31, 2018**

**NOTE 9: CONTINGENCIES**

The Company maintains bank accounts at financial institutions. These accounts are insured either by the Federal Deposit Insurance Commission ("FDIC"), up to \$250,000, or the Securities Investor Protection Corporation ("SIPC"), up to \$500,000. At times during the year, cash balances held in financial institutions were more than the FDIC insured limits. The Company has not experienced any losses in such accounts and management believes that it has placed its cash on deposit with financial institutions which are financially stable.

**NOTE 10: CONCENTRATION OF CREDIT RISK**

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include broker-dealers, banks, and other financial institutions. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. The firm's largest SEC registered Investment Advisor accounts for some 20% of the firm's transactional revenue. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

**NOTE 11: SUBSEQUENT EVENTS**

The Company has evaluated events subsequent to the statement of financial condition date for items requiring recording or disclosure in the financial statements. The evaluation was performed through the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.

**NOTE 12: 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. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. Net capital and aggregate indebtedness change day to day, but on December 31, 2018, the Company had net capital of \$2,174,492 which was \$2,074,492 more than its required net capital of \$100,000; and the Company's ratio of aggregate indebtedness (\$37,600) to net capital was 0.017 to 1 which is less than the 15 to 1 maximum allowed.

**Honey Badger Investment Securities, LLC**  
**Notes to the Financial Statements**  
**For The Year Ended December 31, 2018**

**NOTE 13: RECENTLY ISSUED ACCOUNTING STANDARDS**

The Financial Accounting Standards Board (the "FASB") has established the Accounting Standards Codification ("Codification" or "ASC") as the authoritative source of generally accepted accounting principles ("GAAP") recognized by the FASB. The principles embodied in the Codification are to be applied by nongovernmental entities in the preparation of financial statements in accordance with GAAP in the United States. New accounting pronouncements are incorporated into the ASC through the issuance of Accounting Standards Updates ("ASUs"). For the year ending December 31, 2018, various ASUs issued by the FASB were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year then ended. The Company has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Company's financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the Company and, in all cases, implementation would not have a material impact on the financial statements taken.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) ("ASU 2016-02"). ASU 2016-02 requires that, at lease inception, a lessee recognize in the statements of financial condition a right-of-use asset, representing the right to use the underlying asset for the lease term, and a lease liability representing the liability to make lease payments. The ASU also requires that for finance leases, a lessee recognize interest expense on the lease liability, separately from the amortization of the right-of-use asset in the statements of operations, while for operating leases, such amounts should be recognized as a combined expense in the statements of operations. In addition, ASU 2016-02 requires expanded disclosures about the nature and terms of lease agreements and is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period. Early adoption is permitted. The Company is evaluating the effect of ASU 2016-02 on its statement of financial condition and on net capital.

In May 2014, the FASB updated the accounting guidance related to revenue recognition. The updated accounting guidance provides a single, contract-based revenue recognition model to help improve financial reporting by providing clearer guidance when an entity should recognize revenue and by reducing the number of standards to which an entity has to refer. The core principal of the new standard is that a company should recognize revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. ASC 606 had no material impact on the company's financial statements.

**Honey Badger Investment Securities, LLC**  
**Schedule I- Computation of Net Capital**  
**December 31, 2018**

Beginning Balance		512,378
Operating profit/loss 2018		144,570
Member Equity December 31, 2018		656,948
Subordinated Loans Allowable for Net Capital		2,500,000
Total Member Equity and Subordinated Loans		3,156,948
Non allowable assets		(10,577)
Tentative Net Capital Before Haircuts		3,146,371
Required Haircuts & Related Charges		971,879
Net Capital		2,174,492
Minimum Net Capital Requirement		
6 2/3 percent of net aggregate indebtedness	\$	2,507
Minimum Dollar net capital required	\$	100,000
Net Capital required; ( greater of above)		100,000
Excess Net Capital	\$	2,074,492
Aggregate Indebtedness	\$	37,600
Ratio Net Capital to Aggregate Indebtedness		.017 to 1

There was no material difference between the net capital computation shown here and the net capital computation shown on the Company's unaudited Form X-17A-5 report dated December 31, 2018

**See report of independent registered public accounting firm**

**Honey Badger Investment Securities, LLC**  
**Schedule II - Computation for Determination of the Reserve Requirements and Information**  
**Relating to Possession or Control Requirements For Brokers and Dealers Pursuant to SEC Rule**  
**15c3-3**  
**As of December 31, 2018**

The Company is exempt from the provisions of Rule 15c3-3 under paragraph (k)(2)(ii) in that the Company carries no accounts, does not hold funds or securities for, or owe money or securities to customers. Accordingly, there are no items to report under the requirements of this Rule.

See report of independent registered public accounting firm

**Honey Badger Investment Securities, LLC**  
**Report on Exemption Provisions**  
**Report Pursuant to Provisions of 17 C.F.R. § 15c3-3(k)**  
**For the Year Ended December 31, 2018**



**ALVAREZ & ASSOCIATES, INC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Directors and Equity Owners of Honey Badger Investment Securities, LLC:

We have reviewed management's statements, included in the accompanying Assertions Regarding Exemption Provisions, in which (1) Honey Badger Investment Securities, LLC identified the following provisions of 17 C.F.R. § 15c3-3(k) under which Honey Badger Investment Securities, LLC claimed an exemption from 17 C.F.R. § 240.15c3-3: (k)(2)(ii) (the "exemption provisions") and (2) Honey Badger Investment Securities, LLC stated that Honey Badger Investment Securities, LLC met the identified exemption provisions for the year January 1, 2018 through December 31, 2018, without exception. Honey Badger Investment 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 Honey Badger Investment 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)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Alvarez & Associates, Inc.*

Alvarez & Associates, Inc.

Northridge, California  
February 20, 2019



Honey Badger Investment Securities, LLC  
2010 Main Street, SuiteH 320  
Irvine, California 92614  
949-251-5000

## Assertions Regarding Exemption Provisions

We, as members of management of *Honey Badger Investment Securities, LLC* (“the Company”), are responsible for compliance with the annual reporting requirements under Rule 17a-5 of the Securities Exchange Act of 1934. Those requirements compel a broker or dealer to file annual reports with the Securities Exchange Commission (SEC) and the broker or dealer’s designated examining authority (DEA). One of the reports to be included in the annual filing is an exemption report prepared by an independent public accountant based upon a review of assertions provided by the broker or dealer. Pursuant to that requirement, the management of the Company hereby makes the following assertions:

### **Identified Exemption Provision:**

The Company claims exemption from the custody and reserve provisions of Rule 15c3-3 by operating under the exemption provided by Rule 15c3-3, Paragraph (k)(2)(ii).

### **Statement Regarding Meeting Exemption Provision:**

The Company met the identified exemption provision without exception for the year January 1, 2018 through December 31, 2018.

*Honey Badger Investment Securities, LLC*

By:



Arthur E. Raitano  
Chief Financial Officer

2/20/2019  
\_\_\_\_\_  
(Date)

**Honey Badger Investment Securities, LLC**  
**Report on the SIPC Annual Assessment**  
**Pursuant to Rule 17a-5(e)4**  
**For the Year Ended December 31, 2018**



**ALVAREZ & ASSOCIATES, INC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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

To the Directors and Equity Owners of Honey Badger Investment Securities, LLC:

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below, which were agreed to by Honey Badger Investment Securities, LLC and the Securities Investor Protection Corporation ("SIPC") with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) of Honey Badger Investment Securities, LLC (the "Company") for the year ended December 31, 2018, solely to assist you and SIPC in evaluating Honey Badger Investment Securities, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). 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 records 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; and
5. Compared the amount of any overpayment or underpayment, if any, in the current assessment with the Amended Form SIPC-7 on which it was computed noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the applicable instructions of the Form SIPC-7. Accordingly, we do not express such an opinion. 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.

  
Alvarez & Associates, Inc.

Northridge, California  
February 20, 2019

**Honey Badger Investment Securities, LLC**  
**Schedule of Securities Investor Protection Corporation**  
**Assessments and Payments**  
**For the Year Ended December 31, 2018**

	<u>Amount</u>
<b>Total assessment</b>	\$ 1,166
SIPC-6 general assessment Payment made on July 18, 2018	(749)
SIPC-7 general assessment Payment made on January 17, 2019	<u>(417)</u>
<b>Total assessment balance</b> <b>(overpayment carried forward)</b>	<u>\$ -</u>