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

Mail
FEB 27 2019
Washington

SEC FILE NUMBER
8-53591

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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Passco Capital, Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
2050 Main Street, Suite 650

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street) (City) (State) (Zip Code)
Irvine California 92614
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Thomas B. Jahncke 849-263-7904
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ronald Blue & Co. CPAs & Consultants

(Name - if individual, state last, first, middle name)
1551 N. Tustin Avenue, Suite 1000 Santa Ana California 92705
(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 (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.

RMS

OATH OR AFFIRMATION

I, Thomas B. Jahncke, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Passco Capital, Inc. 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:

None

Thomas B. Jahncke
Signature

President

Title

See Attached

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).

ACKNOWLEDGMENT

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)

On February 20, 2019 before me, Chant Wynne, Notary Public,
Date Here Insert Name and Title of the Officer/Notary

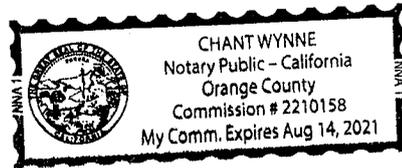
personally appeared Thomas B. Jahncke,
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: 
Signature of Notary Public



My Commission Expires on: August 14, 2021

Place Notary Seal Above

**PASSCO CAPITAL, INC.
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

December 31, 2018

PASSCO CAPITAL, INC.

December 31, 2018

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Passco Capital, Inc.
Irvine, California

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Passco Capital, Inc. (the Company) as of December 31, 2018, the related statements of income, changes in stockholder's equity, changes in liabilities subordinated to 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 Passco Capital, 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 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 computation of net capital under rule 15c3-1 of the Securities and Exchange Commission, statement under rule 17a-5(d)(4) of the Securities and Exchange Commission, computation for determination of reserve requirements pursuant to rule 15c3-3 of the Securities and Exchange Commission, and information relating to the possession or control requirements under rule 15c3-3 of the Securities and Exchange Commission 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, the computation of net capital under rule 15c3-1 of the Securities and Exchange Commission, statement under rule 17a-5(d)(4) of the Securities and Exchange Commission, computation for determination of reserve requirements pursuant to rule 15c3-3 of the Securities and Exchange Commission, and information relating to the possession or control requirements under rule 15c3-3 of the Securities and Exchange Commission is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as Passco Capital, Inc.'s auditor since 2002.

Russell Blue & Co.
CPA and Consultants, LLP

Santa Ana, California
February 20, 2019

PASSCO CAPITAL, INC.

STATEMENT OF FINANCIAL CONDITION

December 31, 2018

ASSETS

Cash and cash equivalents	\$ 118,018
Prepaid expenses	39,410
Income tax receivable	1,218
Accounts receivable other	<u>20,820</u>
Total assets	<u>\$ 179,466</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities

Accounts payable	<u>\$ 6,843</u>
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Total liabilities	<u>6,843</u>
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Stockholder's equity

Common stock, no par value, 10,000 shares authorized, 1,000 shares issued and outstanding	10,000
Additional paid in capital	8,000
Retained earnings	<u>154,623</u>

Total stockholder's equity	<u>172,623</u>
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Total liabilities and stockholder's equity	<u>\$ 179,466</u>
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See accompanying notes and independent auditors' report

PASSCO CAPITAL, INC.

STATEMENT OF INCOME
For the Year Ended December 31, 2018

Revenue	
Sales commissions	\$ 15,547,696
Due diligence fee	1,552,117
Lead underwriter fee	3,858,341
Marketing allowance	<u>3,085,565</u>
Total revenue	<u>24,043,719</u>
Operating expenses	
Commissions	19,642,566
Consulting fees	930,000
Due diligence fee	541,756
Marketing allowance	2,732,457
Office expenses	48,599
Outside services	<u>147,336</u>
Total operating expenses	<u>24,042,714</u>
Income before provision for income taxes	1,005
Provision for income taxes	<u>843</u>
Net income (loss)	<u>\$ 162</u>

See accompanying notes and independent auditors' report

PASSCO CAPITAL, INC.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
For the Year Ended December 31, 2018

	Common Stock	Additional Paid in Capital	Retained Earnings	Total
Balances, December 31, 2017	\$ 10,000	\$ 8,000	\$ 154,461	\$ 172,461
Net income (loss)	<u>-</u>	<u>-</u>	<u>162</u>	<u>162</u>
Balances, December 31, 2018	<u>\$ 10,000</u>	<u>\$ 8,000</u>	<u>\$ 154,623</u>	<u>\$ 172,623</u>

See accompanying notes and independent auditors' report

PASSCO CAPITAL, INC.

**STATEMENT OF CHANGES IN LIABILITIES
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS
For the Year Ended December 31, 2018**

For the year ended December 31, 2018, no subordinated liabilities or agreements exist in the financial statements of Passco Capital, Inc.

See accompanying notes and independent auditors' report

PASSCO CAPITAL, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

Cash flows from operating activities	
Net income (loss)	\$ 162
Changes in operating assets and liabilities:	
Accounts receivable other	(20,820)
Income tax receivable	43
Prepaid expenses	(135)
Accounts payable	<u>6,759</u>
Net cash change from operating activities	<u>(13,991)</u>
Net change in cash and cash equivalents	(13,991)
Cash and cash equivalents, beginning of year	<u>132,009</u>
Cash and cash equivalents, end of year	<u>\$ 118,018</u>
Supplemental disclosure of cash flow information	
Cash paid for:	
Income taxes	<u>\$ 843</u>
Interest	<u>\$ -</u>

There were no investing, financing or non-cash financing activities for the year ended December 31, 2018.

See accompanying notes and independent auditors' report

PASSCO CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Note 1 – Summary of significant accounting policies

Organization and nature of business

Passco Capital, Inc. (the Company), a California corporation, was incorporated on March 16, 1998, and adopted a fiscal year of December 31. It maintains its principal and only active office in Irvine, California.

The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). Operations are pursuant to the (k)(2)(i) exempted provision of SEC Rule 15c3-3 and it does not hold customer funds or securities. The business consists of the offering and sale of undivided Delaware statutory trust (DST) and limited liability company (LLC) membership interests.

Cash and cash equivalents

For the purposes of the statement of cash flows, the Company considers all temporary cash investments purchased with a maturity of three months or less to be cash equivalents.

Receivable

The Company considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Income taxes

The provision for taxes and related asset or liability includes Federal and State of California income taxes.

The Company adopted the provisions of Accounting Standards Codification (ASC) 740-10-50, Accounting for Uncertainty in Income Taxes. The statement requires that a tax position be recognized or derecognized based on a 'more-likely-than-not' threshold. This applies to positions taken or expected to be taken in a tax return. The implementation of the statement had no impact on the Company's balance sheets and statements of income and retained earnings. The Company does not believe its financial statements include (or reflect) any uncertain tax positions.

Revenue recognition

Substantially all the revenue of the Company consists of commissions, due diligence fees, lead underwriter fees, and marketing allowance fees from the sale of undivided DST and LLC membership interests. Revenue is recorded upon the sale of these interests.

PASSCO CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Note 1 – Summary of significant accounting policies (continued)

Concentrations

Credit risk

The Company maintains one bank account, the balance of which may, at times, be in excess of Federal Deposit Insurance Corporation (FDIC) limits. The Company has not experienced any losses in this account. Management does not believe that the Company is exposed to any significant credit risk in connection with cash and cash equivalents.

Revenue

The Company processes all offerings and sale of undivided DST and LLC membership interests for Passco Companies, LLC. See Note 3 for related party disclosure.

Financial statement estimates and assumptions

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Note 2 – Net capital requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the “applicable” exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). The Company is subject to a \$5,000 minimum capital requirement under SEC Rule 15c3-1. Net capital and related capital ratio fluctuate on a daily basis; however, at December 31, 2018, the Company had net capital of \$112,393 which was \$107,393 in excess of its required minimum net capital of \$5,000. The Company’s aggregate indebtedness to net capital ratio was 6.09% at December 31, 2018.

Note 3 – Related party transactions

The Company received commissions from Passco Companies, LLC, and affiliates of this entity totaling \$15,547,696, from the sale of undivided DST and LLC membership interests for the year ended December 31, 2018.

PASSCO CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Note 3 – Related party transactions (continued)

The Company has entered into an expense sharing agreement with Passco Companies, LLC, under which Passco Companies, LLC would be responsible for the rent, utilities, telephone, postage, copies, and office supplies of the Company. During the year ended December 31, 2018, the Company paid Passco Companies, LLC \$43,897 for expenses related to the sharing agreement and \$930,000 in consulting fees not related to the expense sharing agreement.

Note 4 – Income taxes

The provision for income taxes for the year ended December 31, 2018, consisted of the following:

Federal	\$ 43
State	<u>800</u>
	<u>\$ 843</u>

The Company is subject to taxation in the United States and various states jurisdictions. As of December 31, 2018, the Company's tax years for 2014, 2015, 2016 and 2017 are subject to examination by the tax authorities. With few exceptions, as of December 31, 2018, the Company is no longer subject to U.S. federal, state, or local examinations by tax authorities for years before 2013.

Note 5 – Subsequent events

Management has evaluated subsequent events through February 20, 2018, the date on which the financial statements were available to be issued.

PASSCO CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Computation of net capital

Total stockholder's equity	\$ 172,623
Deduct nonallowable assets	<u>(60,230)</u>
Net capital	<u>\$ 112,393</u>

Aggregate indebtedness

Items included in statement of financial condition:

Other accounts payable	<u>\$ 6,843</u>
Total aggregate indebtedness	<u>\$ 6,843</u>
Ratio: Aggregate indebtedness to net capital	6.09%

Computation of basic net capital requirement

Minimum dollar net capital required

Company	\$ 5,000
$6\frac{2}{3}\%$ of total aggregate indebtedness	<u>456</u>
Minimum dollar net capital required	<u>5,000</u>
Excess net capital	<u>107,393</u>
Net capital less 120% of minimum net capital requirement	<u>106,393</u>
Net capital, as reported in the Company's Part II (unaudited) FOCUS report	<u>\$ 112,393</u>

See independent auditors' report

PASSCO CAPITAL, INC.

**COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION**

December 31, 2018

No material differences were noted between the Company's unaudited filing of Part IIA of the Focus Report and the computation of net capital noted above.

See independent auditors' report

PASSCO CAPITAL, INC.

**STATEMENT UNDER RULE 17A-5(d)(4) OF THE
SECURITIES AND EXCHANGE COMMISSION
December 31, 2018**

The audit disclosed no violation of the net capital requirements, financial, and/or record-keeping problems. There were no material variations in the financial data reported on the unaudited Form X-17A-5 Part IIA dated December 31, 2018, with the final audit report attached.

See independent auditors' report

PASSCO CAPITAL, INC.

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
PURSUANT TO RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION
December 31, 2018**

The Company is exempt from the provisions of Rule 15c3-3 of the Securities Exchange Act under Section (k)(2)(i), since it promptly transmits all funds and delivers all securities received in connection with its activities as a broker or dealer, and does not otherwise hold funds or securities for, or owe money or securities to, customers.

See independent auditors' report

PASSCO CAPITAL, INC.

**INFORMATION RELATING TO THE POSSESSION OR CONTROL
REQUIREMENTS UNDER RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION**

December 31, 2018

The Company is exempt from the provisions of Rule 15c3-3 of the Securities Exchange Act under Section k(2)(i), since it promptly transmits all funds and delivers all securities received in connection with its activities as a broker or dealer, and does not otherwise hold funds or securities for, or owe money or securities to, customers.

See independent auditors' report

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

To the Board of Directors
Passco Capital, Inc.
Irvine, California

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 Passco Capital, Inc. and the SIPC, solely to assist you and SIPC in evaluating Passco Capital, Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7) for the year ended December 31, 2018. Passco Capital, Inc.'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 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 records entries, noting no differences;
2. Compared the Total Revenue amount reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2018 with the Total Revenue amount 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 applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting no differences.

Ronald Blue & Co.
CPAs and Consultants, LLP
1551 North Tustin Avenue
Suite 1000
Santa Ana, CA 92705

phone 714.543.0500
fax 714.543.1567

RONBLUECPA.COM

Passco Capital, Inc.
Irvine, California
Page 2

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 Passco Capital, Inc.'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.

Ronald Blum & Co.
CPAs and Consultants, LLP

Santa Ana, California
February 20, 2019

PASSCO CAPITAL, INC.

SCHEDULE OF SIPC ASSESSMENT PAYMENTS

<u>Check #</u>	<u>Check Date</u>	<u>Vendor Name</u>	<u>Amount</u>
9978	7/31/2018	Securities Investor Protection Corp	\$ 6,227.40
10508	1/23/2019	Securities Investor Protection Corp	7,707.98
		Total payments made	<u>\$ 13,935.38</u>

Ronald Blue & Co.
CPAs and Consultants

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Passco Capital, Inc.
Irvine, California

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

Ronald Blue & Co.
CPAs and Consultants, LLP

Santa Ana, California
February 20, 2019

Ronald Blue & Co.
CPAs and Consultants, LLP
1551 North Tustin Avenue
Suite 1000
Santa Ana, CA 92705

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Passco Capital, Inc.'s Exemption Report

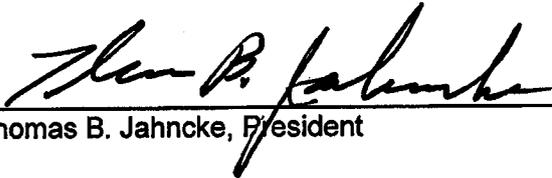
Passco Capital, Inc. (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d) (1) and (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 under the provisions of 17 C.F.R. § 240.15c3-3 (k) (2) (i).

(2) The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k) throughout the most recent fiscal year without exception.

I, Thomas B. Jahncke, swear that, to my best knowledge and belief, this Exemption Report is true and correct.

Passco Capital, Inc.



Thomas B. Jahncke, President

January 25, 2019