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OMB Number: 3235-0123
Expires: August 31, 2020
Estimated average burden hours per response . . . . 12.00

Securities and Exchange Commission  
Trading and Markets

MAR 04 2019

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

<b>SEC FILE NUMBER</b>
8-65163

**RECEIVED**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/18 AND ENDING 12/31/18  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

**NAME OF BROKER - DEALER:**

SFG Securities, Inc.

<b>OFFICIAL USE ONLY</b>
FIRM ID. NO.

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

200 Wanaque Avenue, Suite 301

(No. and Street)

Pompton Lakes  
(City)

New Jersey  
(State)

07442-2130  
(Zip Code)

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

Vasken H. Setrakian

(212) 683-0793  
(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

Morey, Nee, Buck & Oswald, LLC.

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

2571 Baglyos Circle, Suite B20  
(Address)

Bethlehem  
(City)

PA  
(State)

18020  
(Zip Code)

**CHECK ONE:**

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

<b>FOR OFFICIAL USE ONLY</b>

\*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).

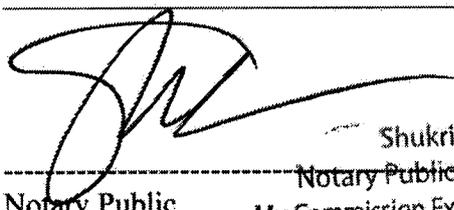
SEC 1410 (06-02)

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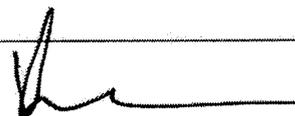
## OATH OR AFFIRMATION

I, Vasken Setrakian, President, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of SFG Securities, Inc. (Company), 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:



Notary Public

Shukri H. Azar  
Notary Public of New Jersey  
My Commission Expires March 18, 2020



Vasken Setrakian, President

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

#### Report of Independent Registered Public Accounting Firm.

- (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 Stockholder's Equity.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- Notes to Financial Statements.
- (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.
- (o) Review report on managements' assertion letter regarding (k)(2)(i).
- (p) Management's assertion letter regarding (k)(2)(i).

# Morey, Nee, Buck & Oswald, LLC

Certified Public Accountants and Advisors

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder  
of SFG Securities, Inc.

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of SFG Securities, Inc. as of December 31, 2018, the related statements of operations, changes in stockholder's equity and cash flows for the year then ended, and the related notes Schedule I (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of SFG Securities, 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 SFG Securities, Inc.'s management. Our responsibility is to express an opinion on SFG Securities, 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 SFG Securities, Inc. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### Auditor's Report on Supplemental Information

The Computation of Net Capital Under SEC Rule 15c3-1 has been subjected to audit procedures performed in conjunction with the audit of SFG Securities, Inc.'s financial statements. The supplemental information is the responsibility of SFG Securities, 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 Computation of Net Capital Under SEC Rule 15c3-1 is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Morey, Nee, Buck & Oswald, LLC*

Morey, Nee, Buck & Oswald, LLC

We have served as SFG Securities, Inc.'s auditor since 2017.

Bethlehem, Pennsylvania

February 26, 2019

1120 N. Bethlehem Pike • Suite 107 • PO Box 459 • Spring House, PA 19477 • Phone: 610-882-1000  
2571 Baglyos Circle • Suite B20 • Bethlehem, PA 18020 • Phone: 610-882-1000  
27 E. High Street • Suite A • Somerville, NJ 08876 • Phone: 908-393-0549

[www.moreycpa.com](http://www.moreycpa.com)

**SFG SECURITIES, INC.**  
Statement of Financial Condition  
December 31, 2018

Assets	
Cash	\$ 9,350
Prepaid Expenses	<u>1,972</u>
Total Assets	<u>\$ 11,322</u>
Liabilities and Stockholder's Equity	
Liabilities	
Accounts payable and accrued expenses	\$ <u>600</u>
Total Liabilities	<u>600</u>
Stockholder's Equity	
Common stock - no par value	
1,500 shares authorized,	
1 share issued and outstanding	1
Additional paid-in capital	100,999
Accumulated (deficit)	<u>(90,278)</u>
Total Stockholder's Equity	<u>10,722</u>
Total Liabilities and Stockholder's Equity	<u>\$ 11,322</u>

See accompanying notes to the financial statements.

**SFG SECURITIES, INC.**  
Statement of Operations  
For the Year Ended December 31, 2018

Revenue:	\$ -
Expenses:	
Insurance expense	472
Office Expense	75
Professional fees	3,289
Regulatory fees	3,326
Rent Expense	2,400
Telephone Expense	<u>521</u>
Total Expenses	<u>10,083</u>
Net (Loss)	\$ <u><u>(10,083)</u></u>

See accompanying notes to the financial statements.

**SFG SECURITIES, INC.**  
Statement of Changes in Stockholder's Equity  
For the Year Ended December 31, 2018

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated (Deficit)</u>	<u>Total Stockholder's Equity</u>
Balances, January 1, 2018	\$ 1	\$ 89,999	\$ (80,195)	\$ 9,805
Shareholder contribution		11,000		11,000
Net (loss) for the year	-	-	(10,083)	(10,083)
Balances, December 31, 2018	<u>\$ 1</u>	<u>\$ 100,999</u>	<u>\$ (90,278)</u>	<u>\$ 10,722</u>

See accompanying notes to the financial statements.

**SFG SECURITIES, INC.**  
Statement of Cash Flows  
For the Year Ended Decmeber 31, 2018

Cash Flows From Operating Activities:	
Net (Loss)	\$ <u>(10,083)</u>
Adjustments to reconcile net loss to net cash (used) by operating activities:	
Changes in operating assets and liabilities:	
Decrease in accounts payable and accrued expenses	<u>(3,021)</u>
Net cash (used) by operating activities	<u>(13,104)</u>
Cash flows from investing activities:	-
Cash flows from financing activities:	
Stockholder contribution	<u>11,000</u>
Net cash provided by financing activities	<u>11,000</u>
Net decrease in cash	(2,104)
Cash at beginning of year	<u>11,454</u>
Cash at end of year	\$ <u><u>9,350</u></u>

See accompanying notes to the financial statements.

**SFG SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS**

SFG Securities, Inc. (“Company”) was formed November 29, 2001 in the State of Delaware as a broker-dealer in securities transactions under the Securities Exchange Act of 1934. The Company is registered with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corp. (SIPC). The Company is a wholly-owned subsidiary of Setrakian Financial Group LLC.

The Company is exempt from Securities and Exchange Commission Rule 15c3-3 under paragraph k(2)(i), and as such the Company is not required to maintain a special reserve bank account for the benefit of customers. The Company is a limited purpose broker dealer, engaged in the private placement of securities. The Company has a December 31 year end.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

**Accrual basis of Accounting**

The Company’s financial statements are prepared using the accrual method of accounting in accordance with U.S. generally accepted accounting principles.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition**

The Company’s financial statements are prepared using the accrual basis of accounting. Consequently revenue is recognized when earned.

**NOTE 3 - NET CAPITAL REQUIREMENTS**

The Company is a member of FINRA and subject to the Securities and Exchange Commission’s Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital of \$5,000 and requires that the ratio of aggregate indebtedness to net capital, both as defined, not exceed 15 to 1. At December 31, 2018, the Company had net capital of \$8,750, which was \$3,750 in excess of the amount required. The Company’s aggregate indebtedness to net capital ratio was .07 to 1.

The Company is exempt from the customer protection provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 in that the Company’s activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(i) of the Rule.

**SFG SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 4 - INCOME TAXES**

The Company's financial statements are prepared using the accrual basis of accounting and the tax return is prepared using the cash basis of accounting. At December 31, 2018, there were no significant differences between book net income and tax net income.

As of December 31, 2018 the Company had federal and state income tax net operating loss (NOL) carryforwards of \$88,774 and \$54,713 respectfully. These NOL carryforwards will expire on various dates from 2028 to 2037. Management believes that it is more likely than not that the benefit from these NOL carryforwards will not be realized. Consequently, a valuation allowance of 100% was applied against the deferred tax assets related to these NOL carryforwards.

**NOTE 5 - OPERATING LEASE**

The Company's lease was amended effective April 1, 2018, to reflect a new monthly rent of \$100 per month, for the leased premises at 200 Wanaque Ave., Pompton Lakes, NJ. The lease agreement ends on December 31, 2019. The future lease payment for this lease total \$1,200. Previously the Company had been paying \$500 per month as per a lease agreement effective January 1, 2018.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

Setrakian Financial Group LLC, the holding company, made a \$11,000 contribution to capital during the year ending December 31, 2018.

**NOTE 7 – REVENUE RECOGNITION**

For the year ended December 31, 2018 the Company did not have earned revenue.

Effective January 1, 2018 the Company adopted ASC Topic 606, Revenue from Contracts with Customers ("ASC Topic 606"). The new revenue recognition guidance requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance requires an entity to follow a five step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize the revenue when (or as) the entity satisfies a performance obligation. The Company has evaluated the new guidance and the adoption is not expected to have a significant impact on the Company's financial statements and a cumulative effect adjustment under the modified retrospective method of adoption will not be necessary.

**SFG SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 8 – SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through February 26, 2019, the date on which these financial statements were available to be issued. The Company did not identify any material subsequent events requiring adjustments to or disclosure in its financial statements.

**SFG SECURITIES, INC.**  
 Computation of Net Capital and Aggregate Indebtedness  
 Pursuant to Rule 15c3-1 of the Securities and Exchange Commission  
 For the Year Ended December 31, 2018

Total stockholder's equity qualified for net capital	\$ 10,722
Deductions and/or charges	
Non-allowable assets:	
Prepaid Expense	<u>1,972</u>
Total deductions and/or charges	<u>1,972</u>
Net capital before haircuts on securities	8,750
Haircuts on securities	<u>-</u>
Net capital	<u><u>\$ 8,750</u></u>
Aggregate indebtedness	
Accounts payable and accrued expenses	<u>\$ 600</u>
Total aggregate indebtedness	<u><u>\$ 600</u></u>
Computation of basic net capital requirement	
Minimum net capital required (greater of \$5,000 or 6 2/3% of aggregate indebtedness)	<u><u>\$ 5,000</u></u>
Net capital in excess of minimum requirement	<u><u>\$ 3,750</u></u>
Net capital less greater of 10% of aggregate indebtedness or 120% of minimum net capital required	<u><u>\$ 2,750</u></u>
Ratio of aggregate indebtedness to net capital	<u><u>0.07 to 1</u></u>

Note: The above computation does not differ from the computation of net capital under Rule 15c3-1 as of December 31, 2018 as reported by SFG Securities, Inc. on Form X-17A-5. Accordingly, no reconciliation is deemed necessary.

See notes to the financial statements and report of independent registered public accounting firm.

# Morey, Nee, Buck & Oswald, LLC

Certified Public Accountants and Advisors

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder  
of SFG Securities, Inc.

We have reviewed management's statements, included in the accompanying Exemption Report Under Rule 17a-5(d), in which (1) SFG Securities, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which SFG Securities, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(i) (exemption provisions) and (2) SFG Securities, Inc. stated that SFG Securities, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. SFG Securities, 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 SFG Securities, 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.

*Morey, Nee, Buck & Oswald, LLC*

Morey, Nee, Buck & Oswald, LLC

Bethlehem, Pennsylvania

February 26, 2019

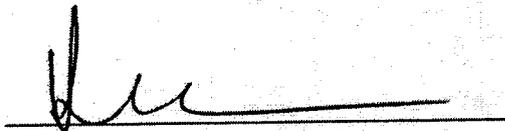
**SFG SECURITIES, INC.**

**200 WANAQUE AVENUE, SUITE 301, POMPTON LAKES, NJ 07442**

**Assertions Regarding Exemption Provisions**

SFG Securities, Inc operates pursuant to paragraph (k)(2)(i) of SEC Rule 15c3-3 under which the Company claims an exemption from SEC Rule 15c3-3. The Company is exempt from the reserve requirements of Rule 15c3-3 as its transactions are limited, such that it does not handle customer funds or securities. Accordingly, the computation for determination of reserve requirements pursuant to Rule 15c3-3 and information relating to the possession or control requirement pursuant to Rule 15c3-3 are not applicable.

The Company has met the identified exemption provisions throughout the calendar year ended December 31, 2018 without exception.



**Vasken Setrakian, President**

**January 21, 2019**