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

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**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: **Saturn Capital, Inc.**

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
**75 Federal Street, Suite 1320**

OFFICIAL USE ONLY  
FIRM I.D. NO.

(No. and Street)  
**Boston** **MA** **02110**  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
**Edward A. Lafferty, (617) 574-3330**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Pavento, Ratcliffe, Renzi & Co., LLC**

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

**391 East Central Street** **Franklin** **MA** **02038**  
(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, Edward A. Lafferty, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Saturn 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:

Edward Lafferty
Signature

Chief Financial Officer

Title

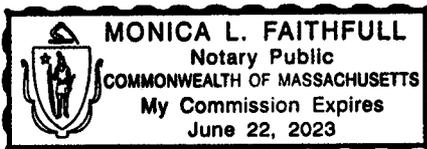
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Notary Public

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).



2/28/2019

**SATURN CAPITAL, INC.**  
(a wholly-owned subsidiary of Saturn Asset Management, Inc.)

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**TOGETHER WITH INDEPENDENT AUDITORS' REPORT**

**SATURN CAPITAL, INC.**  
(a wholly-owned subsidiary of Saturn Asset Management, Inc.)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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**Business Advisors**  
**Certified Public Accountants**

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder  
of Saturn Capital, Inc.

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Saturn Capital, Inc. (a Massachusetts corporation) as of December 31, 2018, the related statements of operations, changes in shareholder's equity, and cash flows for the year then ended, and the related notes and Schedule I - Computation of Net Capital under rule 15c3-1 (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of Saturn 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 Saturn Capital's management. Our responsibility is to express an opinion on Saturn Capital'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 Saturn Capital, 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.

### Supplemental Information

The Schedule I - Computation of Net Capital under rule 15c3-1 has been subjected to audit procedures performed in conjunction with the audit of Saturn Capital's financial statements. The supplemental information is the responsibility of Saturn Capital'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 Schedule I - Computation of Net Capital under rule 15c3-1 is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Pavento, Ratcliffe, Renzi & Co., LLC*

We have served as Saturn Capital's auditor since 2000.  
Franklin, Massachusetts  
February 25, 2019

# SATURN CAPITAL, INC.

(a wholly-owned subsidiary of Saturn Asset Management, Inc.)

## STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2018

### ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 15,719
Short-term investments	65,065
Accounts receivable	12,500
Prepaid expenses	12,490
TOTAL CURRENT ASSETS	<u>105,774</u>
TOTAL ASSETS	<u>\$ 105,774</u>

### LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES	
State income taxes payable	\$ 912
TOTAL LIABILITIES	<u>912</u>
STOCKHOLDER'S EQUITY	
Common stock, \$1.00 par value:	
Authorized - 300,000 shares	
Issued and outstanding - 11,950 shares	11,950
Capital in excess of par value	305,291
Accumulated deficit	<u>(212,379)</u>
TOTAL STOCKHOLDER'S EQUITY	<u>104,862</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 105,774</u>

The accompanying notes are an integral part of these financial statements.

# SATURN CAPITAL, INC.

(a wholly-owned subsidiary of Saturn Asset Management, Inc.)

## STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2018

REVENUES:	
Commissions	\$ 267,609
Interest income	584
Other income	288
Total revenues	<u>268,481</u>
OPERATING EXPENSES:	
Management fees	251,200
Filing fees	17,170
Legal and accounting fees	22,581
Rent expense	6,569
Computer expense	7,839
Other expenses	368
Total operating expenses	<u>305,727</u>
Net loss from operations and before state income taxes	(37,246)
Provision for state income taxes	<u>456</u>
NET LOSS	<u><u>\$ (37,702)</u></u>

The accompanying notes are an integral part of these financial statements.

## SATURN CAPITAL, INC.

(a wholly-owned subsidiary of Saturn Asset Management, Inc.)

### STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Common Stock</u>	<u>Capital in Excess of Par Value</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Beginning Balance, January 1, 2018	\$ 11,950	\$ 305,291	\$ (174,677)	\$ 142,564
Net Loss	<u>-</u>	<u>-</u>	<u>(37,702)</u>	<u>(37,702)</u>
Ending Balance, December 31, 2018	<u>\$ 11,950</u>	<u>\$ 305,291</u>	<u>\$ (212,379)</u>	<u>\$ 104,862</u>

The accompanying notes are an integral part of these financial statements.

# SATURN CAPITAL, INC.

(a wholly-owned subsidiary of Saturn Asset Management, Inc.)

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2018

### CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss	\$ (37,702)
Adjustments to reconcile net loss to net cash used for operating activities	
Increase in assets:	
Accounts receivable	(12,500)
Prepaid expenses	(123)
Decrease in liabilities:	
Accounts payable	(8,203)
State income taxes payable	168
	<hr/>
NET CASH USED IN OPERATING ACTIVITIES	(58,360)

### CASH FLOWS FROM INVESTING ACTIVITIES:

Increase in short term investments	(65)
NET CASH USED IN INVESTING ACTIVITIES	<hr/> (65)

NET DECREASE IN CASH AND CASH EQUIVALENTS (58,425)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 

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74,144

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 15,719

The accompanying notes are an integral part of these financial statements.

# SATURN CAPITAL, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

(1) ORGANIZATION AND DESCRIPTION OF BUSINESS

Saturn Capital, Inc. (the Company) was incorporated in the Commonwealth of Massachusetts on May 2, 1984. Its primary business activities are the sale of direct participation programs, private placement offerings and acting as a selling group participant for initial public offerings throughout the United States of America. On January 1, 1999 the Company became a wholly-owned subsidiary of Saturn Asset Management, Inc. (SAMI). On June 7, 2000 Saturn Asset Management, Inc. became a wholly-owned subsidiary of Saturn Asset Management Trust (SAMT).

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Cash Equivalents*

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Investments that have a maturity date greater than three months but less than one year are considered short-term investments.

(b) *Credit Risk*

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of temporary cash investments. The Company has placed its temporary cash investments with a highly rated financial institution. On occasion, the balances in those accounts may exceed the FDIC insured limit. For the year ended December 31, 2018, the Company's deposits with this institution did not exceed the FDIC insured limit of \$250,000 per bank.

(c) *Estimates and Assumptions*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

(d) *Commissions*

The Company earns commissions for private placement services. Commissions are recorded upon the closing of a round of financing. In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers: Topic 606, to supersede nearly all existing revenue recognition guidance under GAAP. ASU 2014-09 also requires new qualitative and quantitative disclosures, including disaggregation of revenues and descriptions of performance obligations. The Company adopted the provisions of this guidance on January 1, 2018 using the modified retrospective approach. The Company has performed an assessment of its revenue contracts as well as worked with industry participants on matters of interpretation and application and has not identified any material changes to the timing or amount of its revenue recognition under ASU 2014-09. The Company's accounting policies did not change materially as a result of applying the principles of revenue recognition from ASU 2014-09 and are largely consistent with existing guidance and current practices applied by the Company. Adoption of ASC Topic 606, Revenue from Contracts with Customers.

# SATURN CAPITAL, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

(d) *Commissions (continued)*

On January 1, 2018, the Company adopted ASC Topic 606, Revenue from Contracts with Customers ("Topic 606") using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting under Topic 605. There was no impact to retained earnings as of January 1, 2018, or to revenue for the twelve months ended December 31, 2018, after adopting Topic 606, as revenue recognition and timing of revenue did not change as a result of implementing Topic 606.

(e) *Accounts Receivable*

The Company uses the reserve for bad debt method of valuing doubtful accounts receivable which is based on historical experience, coupled with a review of the current status of existing receivables. Management provides for probable uncollectible amounts through a charge to earnings and a credit to allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to trade receivables. Changes in the allowance for doubtful accounts have not been material to the financial statements.

(3) INCOME TAXES

The Company is a member of a consolidated group for federal and state income tax purposes. The Company has elected under a provision of the Internal Revenue Code not to be taxed as a corporation. In accordance with this election as an "S" corporation, the taxable income or loss of the Company is reported in the federal income tax return of its shareholder.

The Company files income taxes as part of a consolidated group. Its share of state income taxes for 2018 was estimated to be \$456. The Company income tax returns are subject to examination by the appropriate tax jurisdictions. As of December 31, 2018, the Company's federal and state income tax returns generally remain open for the last three years.

(4) NET CAPITAL REQUIREMENTS

The Company is subject to Rule 15c3-1 under the Securities and Exchange Act of 1934 (the Exchange Act) that requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2018, the Company had net capital of \$79,872 that was \$29,872 in excess of its required net capital of \$50,000. The Company's aggregate indebtedness to net capital ratio was .01142 to 1.

As the Company does not carry customer accounts and any customer transactions are cleared through another broker-dealer on a fully disclosed basis, the Company is exempt from the provision of Rule 15c3-3 of the Exchange Act. In the opinion of management, the Company complied with the exemptive provisions of Rule 15c3-3 for the year ended December 31, 2018.

# **SATURN CAPITAL, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**(5) RELATED PARTY TRANSACTIONS**

The Company acts as a broker dealer for Saturn Management, LLC (SMLLC), an affiliated Company. The Company is assessed a management fee by SMLLC for allocation of professional time, office space and other general and administrative expenses. For the year ended December 31, 2017, Saturn Capital, Inc. incurred a management fee of \$251,200. The Company owed \$456 to SMLLC at December 31, 2018.

**(6) SUBSEQUENT EVENTS**

The Company evaluated subsequent events through February 25, 2019, which is the date the financial statements were available to be issued and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

**SATURN CAPITAL, INC.**

SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2018

**SATURN CAPITAL, INC.**

(a wholly-owned subsidiary of Saturn Asset Management, Inc.)

**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION  
FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>NET CAPITAL</b>	
Total stockholder's equity	\$ 104,862
Deductions and/or charges:	
Non-allowable assets:	
Accounts receivable	(12,500)
Prepaid expenses	(12,490)
	<u>                    </u>
Net capital	<u><u>\$ 79,872</u></u>
<b>AGGREGATE INDEBTEDNESS</b>	
Items included in statements of financial condition:	
Accounts payable	\$ -
State income taxes payable	912
	<u>                    </u>
Total aggregate indebtedness	<u><u>\$ 912</u></u>
<b>COMPUTATION OF BASIC NET CAPITAL REQUIREMENT</b>	
Minimum net capital required	<u><u>\$ 50,000</u></u>
Excess net capital	<u><u>\$ 29,872</u></u>
Ratio: Aggregate indebtedness to net capital	.01142 - 1
<b>RECONCILIATION WITH COMPANY'S COMPUTATION</b> (Included in Part II of Form X-17A-5 as of December 31, 2018)	
Net capital, as reported in the company's Part IIa (unaudited) FOCUS report	\$ 80,041
Net audit adjustments	<u>(169)</u>
Net capital per above	<u><u>\$ 79,872</u></u>

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 pursuant to paragraph (k)(2)(i) and (k)(2)(ii) of the Rule.



**Saturn Capital, Inc. Exemption Report**

Saturn 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:

For the year ended December 31, 2018, the Company met all of the exemptive provisions of 17 C.F.R. §240.15c3-3(k)(2)(i) without exception.

"17 C.F.R. §240.15c3-3(k)(2)(ii) the provisions of this section 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 any 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 Saturn Capital, Inc.;" or
- ii. Who, as an introducing broker or dealer, clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, and who promptly transmits all customer funds or securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of §§240.17a-3 and 240.17a-4, as are customarily made and kept by a clearing broker or dealer."

I, Edward A. Lafferty, affirm that to the best of my knowledge and belief, this Exemption Report is true and correct.

By: Edward A. Lafferty Date: 02/27/2019  
Edward A. Lafferty  
CFO/Financial Principal  
Saturn Capital, Inc.



**Business Advisors**  
**Certified Public Accountants**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
of Saturn Capital, Inc.

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Saturn Capital, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k)(2) under which Saturn Capital, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3(k)(2)(i) and (k)(2)(ii) (the "exemption provisions") and (2) Saturn Capital, Inc. stated that Saturn Capital, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Saturn Capital'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 Saturn Capital'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) and (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Pavento, Ratcliffe, Renzi & Co., LLC*

Franklin, Massachusetts  
February 25, 2019