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**ANNUAL AUDITED REPORT  
 FORM X-17A-5 ~~1~~  
 PART III**

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 8-68831

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 1/1/18 AND ENDING 12/31/18  
 mm/dd/yy mm/dd/yy

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **FOG Equities, LLC**  
 ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
**440 South La Salle Street, Suite 845**  
 (No. and Street)

OFFICIAL USE ONLY  
 FIRM I.D. NO.

**Chicago** **Illinois** **60605**  
 (City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
**Michael Hewitt, FINOP** **212-715-8753**  
 (Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Ryan & Juraska LLP**  
 (Name - if individual, state last, first, middle name)

**141 W Jackson Blvd. Suite 2250** **Chicago** **Illinois** **60604**  
 (Address) (City) (State) (Zip Code)

**CHECK ONE:**

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United State 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.

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## OATH OR AFFIRMATION

I, **Bernard McDevitt**, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of , 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:

NONE



Signature

Chief Executive Officer  
Title

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 Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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 Requirement 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 15c3-3 Exemption 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).**



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**RYAN & JURASKA LLP**  
Certified Public Accountants

141 West Jackson Boulevard  
Chicago, Illinois 60604

Tel: 312.922.0062  
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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Member  
of Fog Equities, LLC

### **Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Fog Equities, LLC (the "Company") as of December 31, 2018, and the related notes (collectively referred to as the financial statement). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of Fog Equities, LLC as of December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

This financial statement is the responsibility of Fog Equities, LLC's management. Our responsibility is to express an opinion on the Company's financial statement 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 Fog Equities, LLC 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 have served as Fog Equities, LLC's auditor since 2016.

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 statement is 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 statement, 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 statement. 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 statement. We believe that our audit provides a reasonable basis for our opinion.

*Ryan & Juraska LLP*

Chicago, Illinois  
February 28, 2019

# Fog Equities, LLC

## Statement of Financial Condition

December 31, 2018

<b>Assets</b>	
Cash	\$ 233,233
Deposit with clearing broker	250,000
Commissions receivable, net of \$25,000 allowance	356,443
Prepaid expenses and other assets	105,187
<b>Total Assets</b>	<b>\$ 944,863</b>
<hr/>	
<b>Liabilities and Member's Equity</b>	
<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ 81,104
Due to clearing broker	155,696
Due to affiliate	15,131
<b>Total Liabilities</b>	<b>\$ 251,931</b>
<b>Member's Equity</b>	<b>692,932</b>
<b>Total Liabilities and Member's Equity</b>	<b>\$ 944,863</b>

See accompanying notes.

# FOG Equities, LLC

## Notes to Financial Statement

December 31, 2018

### 1. Organization

FOG Equities, LLC (the "Company") was formed as a limited liability company on December 2, 2010. The Company is registered as a broker-dealer with the Securities and Exchange Commission pursuant to Section 15c of the Securities Exchange Act of 1934 and became a principal on the Chicago Stock Exchange as of June 27, 2011. On June 10, 2013, the company became a member of the Financial Industry Regulatory Authority ("FINRA"). The Company's primary business is to provide equity floor brokerage services to its institutional customers. Effective January 1, 2017, the Company became a wholly owned subsidiary of FCF Group Intermediate Holdings, LLC.

### 2. Significant Accounting Policies

#### **Basis of Accounting**

The financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States.

#### **Accounts Receivable**

The Company's receivables are due from various institutional companies, including broker dealers, under contractual agreements. Management reviews accounts receivable based on an analysis of each customer and establishes an allowance where collectability of all or part of a receivable becomes impaired.

#### **Commission Revenue**

Commissions are recorded as of the last calendar day of the month in which they were earned.

The Company recognizes revenue in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 606, Revenue from Contracts with Customer. That guidance was amended to require business entities in an amount that reflects revenue to depict 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 amendment is effective for the Company for fiscal years beginning after December 15, 2017. Management believes the impact of the amendment to Topic 606 had no material impact on its statement of operations.

#### **Exchange Rebates**

Rebates are based on trade volume executed on the Chicago Stock Exchange and are credited by the Exchange on a monthly basis.

#### **Use of Estimates**

The preparation of financial statements in accordance 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 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 and may have an impact on future periods.

# FOG Equities, LLC

## Notes to Financial Statement

December 31, 2018

### 2. Significant Accounting Policies (continued)

#### Fair Value of Financial Instruments

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 asset 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 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 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions that market participants would use in pricing the asset or liability. The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.

At December 31, 2018, the Company held no Level 1, Level 2 or Level 3 investments.

#### Income Taxes

The Company, a limited liability company, is taxed as a partnership under the Internal Revenue Code and a similar state statute. In lieu of income taxes, the Company passes 100% of its taxable income and expenses to its direct owner/ sole member, FCF Group Intermediate Holdings, LLC, which subsequently passes 100% of its taxable income and expenses to the ultimate holding company, FCF Group Holdings, LLC. Therefore, no provision or liability for federal or state income taxes is included in these financial statements. In accordance with U.S. GAAP, the Company is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, based on the technical merits of the position. Generally, the Company is no longer subject to examinations by major tax jurisdictions for years before 2015. Based on its analysis, there were no tax positions identified by management which did not meet the "more likely than not" standard as of and for the year ended December 31, 2018.

#### Reclassifications

For the statement of cash flows, certain prior year balances have been reclassified to conform to the current year presentations.

# FOG Equities, LLC

## Notes to Financial Statement

December 31, 2018

### 3. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission's uniform net capital rule (Rule 15c3-1). This rule requires the Company to maintain a minimum net capital equal to the greater of 6-2/3% of aggregate indebtedness or \$5,000. Further, the rule requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. At December 31, 2018, the Company's net capital was \$357,603 which was \$340,808 in excess of the required net capital of \$16,795. The Company's aggregated indebtedness to net capital ratio was .705 at December 31, 2018.

### 4. Risk Concentration

The Company's cash consists of cash held at a financial institution where it may, at times, exceed government insurance limits during the year. At December 31, 2018 the Company had no uninsured cash balance.

### 5. Deposit with Clearing Organization

The Company's clearing organization, Wedbush Securities Incorporated ("Clearing firm"), requires that it maintain at least \$250,000 in deposits.

### 6. Financial Instruments with Off-Balance-Sheet Credit Risk

As a securities floor broker, the Company acts in an agency only capacity for counterparties such as broker dealers, banks and other financial institutions. The Company does not commit capital or otherwise engage in proprietary trading activities. The Company maintains a fully disclosed clearing agreement with Clearing firm. The agreement between the Company and Clearing firm provides that the Company is obligated to assume any exposure related to nonperformance by its customers. These activities may expose the Company to off-balance-sheet risk in the event the customer is unable to fulfill its contracted obligations. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at the prevailing market price in order to fulfill the customer's obligation. The Company seeks to control off-the-balance-sheet credit risk by monitoring its customer transaction and reviewing information it receives from its clearing broker on a daily basis and reserving for doubtful accounts when necessary.

### 7. Occupancy

Occupancy expenses are for costs related to maintaining trading position on the floor of the Chicago Stock Exchange, as well as costs related to off floor office space utilized by the Company.

### 8. Related Party Transactions

Effective December 31, 2017, the Company maintains an expense sharing agreement with its affiliates under common control (Casey Securities, LLC ("CSEC"), New Albion Partners, LLC ("NAP") and FCF Group Holdings, LLC ("FCF")).

During the year ending December 31, 2018, the Company was charged by CSEC a total of \$29,331 for shared office space and other expenses according to the agreement. The Company charged CSEC a total of \$1,247 for

# **FOG Equities, LLC**

## **Notes to Financial Statement**

**December 31, 2018**

### **8. Related Party Transactions (continued)**

execution services/passthrough CHX fees. At December 31, 2018, the Company owed CSEC \$7,202 which is reflected in due to affiliate on the statement of financial condition. At December 31, 2018 CSEC owed the Company \$1,247 which is reflected in commissions receivable on the statement of financial condition.

During the year ending December 31, 2018, the Company was charged by NAP a total of \$68,532 for services provided by shared personnel and other expenses according to the agreement. At December 31, 2018, the Company owed NAP \$5,151, which is reflected in due to affiliate on the statement of financial condition.

During the year ended December 31, 2018, the Company was charged by FCF a total of \$23,056 for shared office space and other expenses according to the agreement. At December 31, 2018, the Company owed \$2,778 to FCF, which is reflected in due to affiliate on the statement of financial condition.

### **9. Subsequent Events**

The Company has evaluated the subsequent events through February 28, 2019, the date which the financial statements were issued, noting no material events requiring disclosure except as noted below.

The Company has merged with NAP, effective January 1, 2019. The Company has assumed all assets and liabilities of NAP as of January 1, 2019.

The Company became a member of the NASDAQ Stock Market, effective February 8, 2019.