

PUBLIC

SEC



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~~FORM X-17A-5~~ *
PART III

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8-16712

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 10/01/18 AND ENDING 09/30/19
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Vanderbilt Securities, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

(No. and Street) Woodbury New York 11797
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

RW Group LLC

(Name - if individual, state last, first, middle name)
400 Old Forge Lane, Suite 401, Kennet Square PA 19348
(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)

RMS

OATH OR AFFIRMATION

I, Stephen A. Distanto, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Vanderbilt Securities, LLC, as of September 30, 2019, 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:

Handwritten signature of Stephen A. Distanto

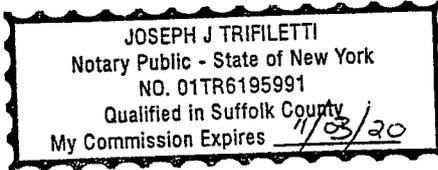
Signature

CEO

Title

Handwritten signature of Notary Public

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).



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
of Vanderbilt Securities, LLC

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Vanderbilt Securities, LLC as of September 30, 2019, 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 Vanderbilt Securities, LLC as of September 30, 2019 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This financial statement is the responsibility of Vanderbilt Securities, LLC's management. Our responsibility is to express an opinion on Vanderbilt Securities, LLC'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 Vanderbilt Securities, 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial position, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial position presentation. We believe that our audit provides a reasonable basis for our opinion.

RW Group, CPA

We have served as Vanderbilt Securities, LLC's auditor since 2015 .

Kennett Square, Pennsylvania

November 22, 2019

Vanderbilt Securities, LLC
Statement of Financial Condition

September 30, 2019

	<u>2019</u>
Assets	
Cash and cash equivalents	\$ 1,004,366
Commissions receivable	1,442,884
Other receivables	-
Prepaid expenses	54,162
Total current assets	<u>2,501,412</u>
Note receivable from related party	-
Goodwill	150,000
Total assets	<u><u>\$ 2,651,412</u></u>
 Liabilities and partners' capital	
Liabilities	
Accounts payable and accrued expenses	\$ 1,137,531
Bank credit line	176,431
Bank credit line interest payable	1,092
Due to Related Party	308,650
Corp Tax Payable	753
Legal Settlement Payable	-
Total current liabilities	1,624,455
Stockholders' equity	
Members' equity	1,026,957
Total liabilities and member's equity	<u><u>\$ 2,651,412</u></u>

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

Organization and Nature of Business

Vanderbilt Securities, LLC, (a limited liability company), (the "Company"), operates in New York as an introducing securities broker-dealer in which securities transaction orders for customers are placed through a clearing agent (National Financial Services, LLC) on a fully disclosed basis. The Company does not hold securities on behalf of customers and the firm did not maintain margin accounts at the year end.

The Company operates under the provisions of Paragraph (k)(2)(ii) of rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clear all transactions on behalf of customers' funds and securities to the clearing broker-dealer. The clearing broker-dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker-dealer.

Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally 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

On October 1, 2018, the Company adopted ASU No. 2014-09, "Revenue from Contract with Customers" ("ASC Topic 606") using the modified retrospective method (i.e., applied prospectively effective October 1, 2018 without revising prior periods), which had no impact on the Company's opening retained earnings.

Brokerage Commissions:

The Company buys and sells securities on behalf of its customers and clears the transactions through National Financial Services, LLC. The revenue from these transactions is recorded at the end of the month in which the revenue is earned.

Distribution Fees:

The Company enters into arrangements with managed accounts or other pooled investment vehicles (funds) to distribute shares to investors. The Company may receive distribution fees paid by the fund up front, over time, upon the investor's exit from the fund, or as a combination thereof. Any fixed amounts are recognized when they are earned. For variable amounts, as the uncertainty is dependent on the value of the shares at future points in time as well as the length of time the investor remains in the fund, the Company recognizes the income when it is received monthly. For variable quarterly payments, prior quarter estimates are used and the income is recorded monthly. Once the actual payment is received, an adjusting journal entry is made to adjust the estimates to actuals. Distribution fees recognized in the current period are primarily related to performance obligations that have been satisfied in prior periods.

Cash, Cash Equivalents, and Restricted Cash

For purposes of reporting cash flows, cash and cash equivalents include cash and interest-bearing deposits held at financial institutions and money market funds with its clearing broker. The restricted cash is a required deposit with the Company's clearing firm, National Financial Services, LLC.

Cash and Cash Equivalents	\$929,366
Restricted Cash	\$75,000
Total Cash, Cash Equivalents, & Restricted Cash	\$1,004,366

Allowance for Doubtful Accounts

The Company considers accounts receivable 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. Bad debt expense was \$-0- for the year ended September 30, 2019.

Commissions Receivable and Payable

Commissions receivable consists of amounts due from the sale of securities. The commission is due within thirty (30) days.

Income Taxes

The Company has elected to be treated as a "C" Corporation pursuant to the "Internal Revenue Code" and the New York State Revenue Code.

The federal and state tax returns of the Company for the years ended September 30, 2016 through 2019 are subject to examination by the taxing authorities, generally for three years after they were filed.

NOTES TO FINANCIAL STATEMENTS

Line of Credit

The company has a \$250,000 line of credit with Chase Bank. Interest is payable monthly at the London Interbank Offered Rate (LIBOR) rate plus 7.25%, adjusted monthly. At September 30, 2019 the company had an outstanding balance of \$177,522.18 on the line of credit. The loan is secured by all the assets of the Company.

Intangible Asset

In connection with the acquisition of Vanderbilt Financial Group, the Company has subsumed into goodwill all intangible assets acquired in the transaction. The company paid \$75,000 for the purchase of the business and \$75,000 for the purchase of the company name. The assets have indefinite lives and therefore are not amortized.

Related Party Transactions

The Company has a contractual arrangement with another corporation, which is wholly owned by the officer/sole stockholder of the Company. The Company pays the other corporation for leasing office space, leasing and purchasing office equipment and furnishings, administrative personnel and other general and overhead expenses. Administrative fees charged under this arrangement were \$3,709,000 for the year ended September 30, 2019. These Administrative fees charged include rent expense incurred for the year ended September 30, 2019 of \$521,130.

The Company has a note from this same above-mentioned corporation in the amount of \$300,000, receivable in installments of \$60,000 per annum, with payments beginning October 1, 2014 and ending October 1, 2018. This note bears no interest. The Company elected to make a \$60,000 installment payment for the fiscal year ending 2019. The note is now paid in full.

The Company has a liability due to a Related Party. The Related Party is an RIA, PFG Investments Inc. d/b/a Vanderbilt Advisory Services. The total amount due to the RIA is revenue that was generated by the RIA, and then deposited into the Company. Such amounts are reimbursed as practicable.

Net Capital Requirements

The Company is subject to the net capital requirements of the Financial Industry Regulatory Authority ("FINRA") and the Uniform Net Capital requirements of the Securities and Exchange Commission (SEC) under 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. Pursuant to "FINRA" rules, the Company is required to maintain a minimum of \$50,000 or \$108,297 (1/15 (6 2/3%) of aggregate indebtedness) whichever is greater. At September 30, 2019, the Company had net capital of approximately \$814,762 which was \$706,465 in excess of the \$108,297 required to be maintained at that date. The Company's net capital ratio was 1.99 to 1.

The Company has at all times during the past year been in compliance with the requirements of Rule 15c3-1.

NOTES TO FINANCIAL STATEMENTS

In the normal course of business, the Company executes, as agent, transactions on benefit of customers. If the agency transactions do not settle because of failure to perform by either the customer or counterparty, the company may be obligated to discharge the obligations of the nonperforming party and, as a result, may incur a loss if the market value of the security is different from the contract amount of the transaction.

The Company does not anticipate nonperformance by the customers or counterparties in the above situations. The Company policy is to monitor its market exposure and counterparty risk. In addition, the Company has a policy of reviewing, as considered necessary, the credit standing of each counterparty and customer with which it conducts business.

Concentrations and Credit Risk

The Company places its cash with high quality financial institutions. At times, such amount may be in excess of the FDIC insurance limits.

The Company uses a single clearing broker to process all its transactions and maintain all its accounts. There are other clearing brokers available for the Company's use.

Subsequent Events

Management has evaluated events through November 22, 2019, the date on which the financial statements were available to be issued.



INDEPENDENT ACCOUNTANT'S AGREED-UPON PROCEDURES REPORT ON SCHEDULE OF ASSESSMENT AND PAYMENTS (FORM SIPC-7)

Board of Directors of
Vanderbilt Securities, LLC

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the Series 600 Rules, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended September 30, 2019, which were agreed to by Vanderbilt Securities, LLC, and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC, solely to assist you and the other specified parties in evaluating Vanderbilt Securities, LLC's compliance with the applicable instructions of Form SIPC-7. Vanderbilt Securities, LLC's management is responsible for Vanderbilt Securities, LLC'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 in the general ledger, noting no variances;
- 2) Compared the amounts reported on the audited Form X-17A-5 for the year ended September 30, 2019, as applicable, with the amounts reported in Form SIPC-7 for the year ended September 30, 2019, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers. There were no adjustments reported in Form SIPC-7;
- 4) Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments. The Form SIPC-7 was mathematically accurate, there were no related schedules and adjustments; 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 (if applicable).

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. 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.

RW Group, CPA

Kennett Square, PA
November 22, 2019

SIPC-7

(36-REV 12/18)

SECURITIES INVESTOR PROTECTION CORPORATION
P.O. Box 92185 Washington, D.C. 20090-2185
202-371-8300

General Assessment Reconciliation

SIPC-7

(36-REV 12/18)

For the fiscal year ended 09/30/19

(Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

16712 FINRA SEP
Vanderbilt Securities LLC
125 Froehlich Farm Blvd
Woodbury, NY 11797-2906

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

Megan Plapp 631-845-5100

2. A. General Assessment (item 2e from page 2)	<u>\$8,228.96</u>
B. Less payment made with SIPC-6 filed (exclude interest)	<u>(3,405.15)</u>
<u>4/29/19</u>	
Date Paid	
C. Less prior overpayment applied	<u>(0.00)</u>
D. Assessment balance due or (overpayment)	<u>4,823.81</u>
E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum	<u>0.00</u>
F. Total assessment balance and interest due (or overpayment carried forward)	<u>\$4,823.81</u>
G. PAYMENT: <input checked="" type="checkbox"/> the box	
Check mailed to P.O. Box <input type="checkbox"/> Funds Wired <input checked="" type="checkbox"/> ACH <input type="checkbox"/>	<u>\$4,823.81</u>
Total (must be same as F above)	
H. Overpayment carried forward	<u>\$(0.00)</u>

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Vanderbilt Securities, LLC

(Name of Corporation, Partnership or other organization)

Megan Plapp

(Authorized Signature)

Dated the 15 day of November, 2019.

Chief Financial Officer

(Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates:
Postmarked Received Reviewed

Calculations Documentation

Forward Copy

Exceptions:

Disposition of exceptions:

**DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT**

Amounts for the fiscal period
beginning 10/01/2018
and ending 09/30/2019

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

Eliminate cents
\$17,529,015

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business.
(See Instruction C):

(Deductions in excess of \$100,000 require documentation)

- (9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income. \$16,264
- (ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960). \$38,935

Enter the greater of line (i) or (ii)

Total deductions

2d. SIPC Net Operating Revenues

2e. General Assessment @ .0015

11,227,192

657,113

9,759

47,800

62,239

38,935

12,043,038

5,485,9778

\$8,228.96

(to page 1, line 2.A.)



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
of Vanderbilt Securities, LLC

We have reviewed management's statements, included in the accompanying Exemption Report Rule 17a-5(d)(4), in which (1) Vanderbilt Securities, LLC identified the following provisions of 17 C.F.R. §15c3-3(k) under which Vanderbilt Securities, LLC claimed an exemption from 17 C.F.R. §240.15c3-3: (2)(ii) (the "exemption provisions") and (2) Vanderbilt Securities, LLC stated that Vanderbilt Securities, LLC met the identified exemption provisions throughout the most recent fiscal year without exception. Vanderbilt 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 Vanderbilt 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.

RW Group, CPA

Kennett Square, Pennsylvania
November 22, 2019