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

SEC FILE NUMBER
8-47052

FEB 28 2020

FACING PAGE

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

REPORT FOR THE PERIOD BEGINNING 01/01/2019 AND ENDING 12/31/2019  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: U.S. Sterling Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1393 Veterans Memorial Highway Suite 412N

(No. and Street)

Hauppague

NY

11788

(City)

(State)

(Zip Code)

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

Joseph DiPietto, CPA

516-326-9200

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

DiPietto CPAs PC

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

1981 Marcus Avenue Suite C110 Lake Success

NY

11042

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

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

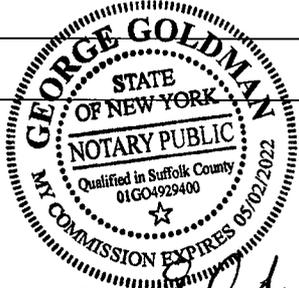
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

EB

OATH OR AFFIRMATION

I, Herbert A. Orr, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of U.S. Sterling Securities, Inc., as of December 31, 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:



George Goldman  
Notary Public

Herbert A. Orr  
Signature  
Pres.  
Title

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).

**U.S. STERLING SECURITIES INC.**  
**FINANCIAL STATEMENTS**  
**AND**  
**REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM**  
**YEAR ENDED DECEMBER 31, 2019**

**U.S. STERLING SECURITIES INC.  
FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL INFORMATION**

**DECEMBER 31, 2019**

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**DEPIETTO CPA**

Accounting • Tax • Advisory

1981 Marcus Ave. Ste C100  
Lake Success, NY 11042

T. 516.326.9200 F. 516.326.1100

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
of U.S. Sterling Securities Inc.

**Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of U.S. Sterling Securities Inc. as of December 31, 2019, the related statements of operations, changes in stockholders' equity, 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 U.S. Sterling Securities Inc. as of December 31, 2019, 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 U.S. Sterling Securities Inc.'s management. Our responsibility is to express an opinion on U.S. Sterling 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 U.S. Sterling 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 Schedule I, Computation of Net Capital Under SEC Rule 15c3-1 and Schedule II, Reconciliation of Computation of Net Capital Pursuant to SEC Rule 17a-5d-4 have been subjected to audit procedures performed in conjunction with the audit of U.S. Sterling Securities Inc.'s financial statements. The supplemental information is the responsibility of U.S. Sterling 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 Schedule I, Computation of Net Capital Under SEC Rule 15c3-1 and Schedule II, Reconciliation of Computation of Net Capital Pursuant to SEC Rule 17a-5d-4 is fairly stated, in all material respects, in relation to the financial statements as a whole.

***DePietto CPA PC***

DePietto CPA PC

We have served as U.S. Sterling Securities Inc.'s auditor since 2004.

Lake Success, New York

February 27, 2020

**U.S. STERLING SECURITIES INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**YEAR ENDED DECEMBER 31, 2019**

**ASSETS**

**Current Assets:**

Cash	\$ 73,028
Receivable from clearing organization	14,707
Deposits with clearing organization	50,644
Security Deposits	<u>18,355</u>
	<u>\$ 156,734</u>

**LIABILITIES and STOCKHOLDERS' EQUITY**

**Current Liabilities:**

Accounts Payable and Accrued Expenses	\$ <u>49,337</u>
	<u>49,337</u>

**Stockholders' Equity:**

Common Stock, \$1.00 par value, 100 shares authorized 10 shares issued and outstanding	10
Additional paid in capital	378,859
Retained Earnings	<u>( 271,472)</u>
Total Stockholders' Equity	<u>107,397</u>
	<u>\$ 156,734</u>

"See Accompanying Notes and Independent Auditor's Report"

U.S. STERLING SECURITIES INC.  
STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2019

**Revenue:**

Investment Banking Income	\$ 1,420,800
Trading Income	116,628
Interest Income	519
Other Income	<u>18,788</u>
<b>Total Revenue</b>	<b>1,556,735</b>

**Expenses**

Professional Fees	\$ 27,176
Commissions Paid	1,393,933
Administrative Fees	100,809
Clearing Charges	23,196
Occupancy	58,848
Regulatory Fees	28,627
Insurance	14,116
Other Expenses	<u>6,088</u>
<b>Total expenses</b>	<b><u>1,652,793</u></b>
<b>Net Income (Loss) from operations</b>	<b><u>\$ ( 96,058)</u></b>

U.S. STERLING SECURITIES INC.  
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
YEAR ENDED DECEMBER 31, 2019

	<u>Common Stock</u>	<u>Additional Paid in Capital</u>	<u>Retained Earnings</u>	<u>Equity</u>
Balance - January 1, 2019	\$ 10	\$ 276,859	\$ (175,414)	\$101,455
Additional Paid in Capital		102,000		102,000
Net Income(Loss)	-	-	<u>( 96,058)</u>	<u>\$ (96,058)</u>
Balance – December 31, 2019	<u>\$ 10</u>	<u>\$ 378,859</u>	<u>\$ (271,472)</u>	<u>\$107,397</u>

"See Accompanying Notes and Independent Auditor's Report"

**U.S. STERLING SECURITIES INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2019**

**Cash Flows from Operating Activities:**

Net Income(Loss)	\$( 96,058)
Adjustments to reconcile net income to net cash flows provided by operating activities:	
Receivable from clearing organization	( 5,593)
Deposit with clearing organization	( 358)
Accounts payable	<u>12,307</u>
<b>Net change in operating activities</b>	<b>\$ ( 89,702)</b>
<b>Cash from Financing activities:</b>	
Capital contribution	\$ <u>102,000</u>
<b>Net cash provided by financing activities:</b>	<b>\$ <u>102,000</u></b>
Net increase in cash	12,298
Cash at beginning of year	<u>60,730</u>
Cash at end of year	<b>\$ <u>73,028</u></b>

"See Accompanying Notes and Independent Auditor's Report"

**U.S. STERLING SECURITIES, INC.**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 1: Nature of Business Organization**

U.S. Sterling Securities Inc. (The Company) was incorporated in the State of New York on March 10, 1992 when it commenced domestic USA market operations. The company is a registered broker-dealer with current membership in the Financial Industry Regulatory Authority (FINRA) and is duly registered as a broker-dealer with participating NASAA State administrators in 44 States. The company is designated a registered Municipal Broker by the Municipal Securities Rulemaking Board (MSRB) and is a current member of the (Securities Investor Protection Corporation (SIPC). All of the Company's executable trades are cleared through its clearing broker.

The company has permitted authority to conduct Investment Banking Services. The company conducts institutional placement corporate consulting and mergers and acquisition activities. The company has from time to time entered into or maintained, selling agreements for non-executing securities transaction with federal or state registered or licensed institutions, or other permitted entities. The company is classified by its Designated Regulatory Authority (DRA) FINRA, as an Institutional non-clearing introducing broker-dealer.

**NOTE 2: Summary of Significant Accounting Policies****Basis of Presentation**

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management of the Company to make estimate 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

All unrestricted highly liquid investments with initial or remaining maturities of less than 90 days at the time of purchase are considered cash and cash equivalents. The Company's cash is held by major financial institutions. At times, such amount may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. At December 31, 2019, the Company's cash did not exceed the limit. At December 31, 2019, the Company did not have any cash equivalents.

**Receivables from Clearing Broker**

Receivables from clearing broker on the statement of financial condition consist of commissions earned by the Company that are held with the clearing broker as follows:

Receivable from clearing broker	\$ 14,707
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U.S. STERLING SECURITIES, INC.  
Notes to Financial Statements  
December 31, 2019

**NOTE 2: Summary of Significant Accounting Policies (cont.)**

**Revenue and Expense Recognition**

Effective January 1, 2019, the Company adopted ASC Topic 606, Revenue from Contracts with Customers ("ASC 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, (e) recognize revenue when (or as) the entity satisfies a performance obligation.

**Significant Judgements** – The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgement is required to determine whether the performance obligations are satisfied at a point in time or over time; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on the appropriate measure of the Company's progress under the contract; and whether constraints on variable consideration should be applied to uncertain future events.

The Company earns commission revenue from effecting trades in U.S. equity that are listed on an exchange, debt securities as offered federal or state institutions are large qualified corporate issuers. Commissions and related clearing expenses are recorded on a trade date basis. In addition, the company conducts Investment Banking (IB) and earns placement and consulting fees in market operations to Institutions seeking corporate finance, business consulting services and mergers and acquisition services; revenue is recognized on these transactions upon funding.

**Income Taxes**

Income taxes are accounted for under Accounting Standards Codification ("ASC") 740, *Income Taxes*, ("ASC 740"). *Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. To the extent that it is more likely than not that deferred tax assets will not be recognized, a valuation allowance would be established to offset their benefit.*

In accordance with ASC 740, the Company is required to disclose unrecognized tax benefits resulting from uncertain tax positions. ASC 740 defines the threshold for recognizing the benefits of tax return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50 percent likely to be realized. The Company was not required to recognize any amounts from uncertain tax positions.

Generally, federal, state and local authorities may examine the Company's tax returns for three years from the date of filing; consequently, the years 2017 through 2019 are subject to examination by tax authorities.

**U.S. STERLING SECURITIES, INC.**  
**Notes to Financial Statements**  
**December 31, 2019**

**Fair Value of Financial Instruments**

The Company estimates that the fair value of financial instruments recognized on the statement of financial condition approximates their carrying value, as such financial instruments are short term in nature. Other assets and liabilities with short and intermediate-term maturities and defined settlement amounts, including receivables, payables, and accrued expenses are reported at their contractual amounts, which approximate fair value.

**NOTE 3: Financial Instruments**

The Company's financial instruments are measured and reported on a fair value basis. The ASC defines fair value and establishes a framework for measuring fair value, as well as a fair value hierarchy based on inputs used to measure fair value.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

**Fair Value Hierarchy**

Financial assets and liabilities are classified based on inputs used to establish fair value as follows:

**Level 1:** Valuation inputs are unadjusted quoted market prices for identical assets or liabilities in active markets;

**Level 2:** Valuation inputs are quoted prices for identical assets or liabilities in markets that are not active, quoted market prices for similar assets and liabilities in active markets and other valuation techniques utilizing observable inputs directly or indirectly related to the asset or liability being measured;

**Level 3:** Valuation techniques utilize inputs that are unobservable and significant to the fair value measurement.

At December 31, 2019, the Company did not own any financial assets or liabilities other than cash and cash equivalents and other assets and liabilities with no inventory issues of short and intermediate term maturities and/or defined settlement amounts in the normal course of trade. The carrying amounts of cash and other assets and liabilities with stipulated earned defined settlement amounts are reported at their contractual amounts, which approximates fair value acceptable as an industry standard..

**NOTE 4: Deposit with Clearing Firm**

The Company maintains cash deposited with its clearing broker pursuant to a fully disclosed clearing agreement ("Clearing Agreement") entered into on December 10, 1998 with additional amendments added through August 28, 2007, which is meant to assure the Company's performance, including but not limited to the indemnification obligations specified in the Clearing Agreement. At December 31, 2019, the Company had \$50,644 deposited with Hilltop Securities (formerly known as First Southwest Company). The deposit does not represent an ownership interest in Hilltop.

**U.S. STERLING SECURITIES, INC.**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 5: Concentration of Risk**

The Company maintains its cash with major financial institutions, which at times may exceed the FDIC limit. The Company has not experienced any losses in such accounts. The Company is also exposed to credit risk as it relates to its securities business. The responsibility for processing customer activity rests with its clearing broker. The Company's clearing agreement provides that credit losses relating to unsecured debits or unsecured short positions of the Company's customers are charged back to the Company.

In accordance with industry practice, the clearing broker records customer transactions on a settlement date basis, which is generally three business days after the trade date. The clearing broker is therefore exposed to the risk of loss on these transactions in the event of the customer's inability to meet the terms of its contracts, in which case it may have to purchase or sell the underlying financial instruments at prevailing market prices in order to satisfy its customer-related obligations. Any loss incurred by the clearing broker is charged back to the Company.

**NOTE 6: Regulatory Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) which requires broker dealers to maintain minimum net capital. The ratio of aggregate indebtedness to net capital shall not exceed 15 to 1 for ongoing concerns. The Rule requires that the Company maintain "net capital" equal to the greater of \$50,000 or 6 2/3% of "aggregate indebtedness", as those terms are defined in the Rule. At December 31, 2019, the Company had a net capital of \$89,042 which was \$39,042 in excess of its required net capital of \$50,000. The Company's net capital ratio was 55.417%. Advances to affiliates, dividend payments and other withdrawals are subject to certain notification and other requirements of Rule 15c3-1 and other regulatory bodies.

The Company is exempt for the provision of Rule 15c3-3 under the Securities Exchange Act of 1934 pursuant to Paragraph (k)(2)(ii). As an introducing broker, the Company clears customer transactions on a fully disclosed basis and promptly transmits all customer funds and securities to the clearing broker. The clearing broker carries all of the accounts of such customers and maintains and preserves such books and records.

**NOTE 7: Related Party Transaction**

The Company maintains an expense sharing agreement from U.S. Sterling Capital Corp., a related party, which provides professional and administrative staff, facilities and services necessary or appropriate for the conduct of the Company's business operations. The Company paid \$134,238 to the related party during 2019 for those expenses.

**NOTE 8: Leases**

On January 1, 2019, the Company adopted ASU 2016-02 "Leases" ("Topic 842"). Under Topic 842, leases are required to recognize a right of use asset and related liability on the balance sheet for rights and obligations arising from leases with durations greater than 12 months. Adoption of Topic 842 did not have any impact on the Company's financial statements as the company does not have any agreements that meet the definition of a lease.

**U.S. STERLING SECURITIES, INC.**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 9: Commitments**

As of December 31, 2019, the Company had no commitments or contingencies that required disclosure.

**NOTE 10: Subsequent Events**

In preparing the accompanying financial statements, the Company has reviewed events that have occurred after December 31, 2019 through the date of these financial statements on February 27, 2020. During this period, the Company did not have any material subsequent events that are required to be disclosed in the financial statements

**SUPPLEMENTARY INFORMATION**

**U.S. STERLING SECURITIES, INC.**  
**COMPUTATION OF NET CAPITAL PURSUANT**  
**TO**  
**Sec RULE 15C3-1**  
**December 31, 2019**

**Computation of Net Capital:**

1.	Total Ownership Equity	\$ 107,397
2.	Deductions and/or charges	
	Non-allowable assets:	
	Security deposit	<u>18,355</u>
	Total non-allowable assets	<u>18,355</u>
3.	Tentative net capital	89,042
4.	Less: Haircuts	<u>0</u>
5.	Net Capital	<u>\$ 89,042</u>

**Computation of Basic Net Capital Requirement**

1.	Minimum Net Capital Required - (6 2/3% Aggregate Indebtedness)	3,289
2.	Minimum Dollar Net Capital	50,000
3.	Net Capital Requirement	50,000
4.	Net Capital	<u>89,042</u>
5.	Excess Net Capital	<u>\$ 39,042</u>
6.	Ratio: Aggregate indebtedness to net capital	<u>.554 to 1</u>

**Computation of Aggregate Indebtedness**

7.	Total Liabilities	\$ 49,337
8.	Non Aggregate Indebtedness Liabilities	<u>-</u>
		<u>\$ 49,337</u>

"See Accompanying Notes and Independent Auditor's Report"

**U.S. STERLING SECURITIES, INC.  
RECONCILIATION OF COMPUTATION OF NET  
CAPITAL PURSUANT TO SEC RULE 17a-5(d)(4)**

For the Period Ended December 31, 2019

	<u>Orig. Filing X-17A-5 USSIFINOP</u>	<u>Per Cert. Financial Report</u>	<u>Recon. in Filing vs. Financial</u>
<b>NET CAPITAL</b>			
Equity	\$ 107,397	\$ 107,397	\$
Deductions and /or charges			
Non-allowable assets:			
Other assets	<u>18,355</u>	<u>18,355</u>	-
Total non-allowable assets	<u>18,355</u>	<u>18,355</u>	-
Tentative Net Capital	89,042	89,042	
Haircuts	<u>0</u>	<u>0</u>	0
Net Capital (15c3-1)	<u>\$ 89,042</u>	<u>\$ 89,042</u>	-
<b>AGGREGATE INDEBTEDNESS</b>			
Items included in statement of financial condition:			
Accounts payable	<u>\$ 49,336</u>	<u>\$ 49,336</u>	\$ -
Total indebtedness	<u>\$ 49,336</u>	<u>\$ 49,336</u>	\$ -
<b>COMPUTATION OF BASIC NET CAPITAL REQUIREMENT</b>			
Minimum net capital requirement or greater of 100,000 Minimum net capital 15c3-1	<u>\$ 50,000</u>	<u>\$ 50,000</u>	-
Excess net capital	<u>\$ 39,042</u>	<u>\$ 39,042</u>	-
Net capital less greater of 10% of minimum total Indebtedness or 120% of minimum net capital requirement	<u>\$ 29,042</u>	<u>\$ 29,042</u>	\$ -
Ratio: Aggregate indebtedness to net capital	<u>55.41%</u>	<u>55.41%</u>	-
Other difference due to rounding			

"See Accompanying Notes and Independent Auditor's Report"



**DEPIETTO CPA**

Accounting • Tax • Advisory

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Lake Success, NY 11042

T. 516.326.9200 F. 516.326.1100

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
of U.S. Sterling Securities Inc.

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

*DePietto CPA PC*

DePietto CPA PC

Lake Success, New York

February 27, 2020

U.S. Sterling Securities, Inc.  
2019 Exemption Report Notice Pursuant to 15c3-3

Mr. Herbert Orr, CEO  
U.S. Sterling Securities, Inc.

U.S. Sterling Securities, Inc., the firm, is a duly registered broker-dealer. To the best of its knowledge and belief, has as met, affirms and attests to the following information, declaration and statements, pursuant to the annual report herein incorporated by reference, as true, accurate and factual, which is the status of the firm at all times during most recent fiscal year ending December 31, 2019: (1) that the firm maintained at all times the exemption provisions in paragraph k2(ii) Specifically the mechanism of the exemptive provision, the functional application of the regulation as applied in the this report to the operation of U.S. Sterling Securities is a non-carrying broker-dealer who is claiming an exemption from Rule 15c3-3 and therefore is required to file (i) an Exemption Report asserting that it is exempt from the provisions of Rule 15c3-3 because it meets one or more of the conditions with respect to its business activities under Rule 15c3-3(k) and (ii). Specifically the firm has relied upon (the following is the firms attesting statement that identifies the provisions in paragraph (k) of SEC Rule 15c3 -3, under which the report, firm relied):

The firm is an introducing broker or dealer, clears all transactions with and for customers on a fully disclosed basis with its clearing broker and the firm promptly transmits all customer funds and securities to the clearing broker or dealer who carries all of the accounts of the firms customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of §§ 240.17a-3 and 240.17a-4 of applicable sections of 15c3, as are customarily made and kept by a clearing broker or dealer, of Rule 15c3-3 throughout the most recent fiscal year ending December 31, 2019 without any exception, actual or apparent; there are no exceptions noted for the firm for fiscal year December 31, 2019.

The firm further attests and represents in this exemption report it has met the identified exemption provisions throughout the most recent fiscal year ending December 31, 2019 without exception; therefore to the best of its knowledge it has not identified any exception during the during frame of this report.

Attested:  
U.S. Sterling Securities, Inc

I Herbert A Orr, CCO confirm firm that, to my best knowledge and belief, this Compliance Report is true and correct.

BY:  Date 12/31/2019  
Chief Compliance Officer

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

FOCUS REPORT  
(FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT)  
PART IIA [12]

FORM  
X-17A-5

(Please read instructions before preparing Form)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a)  [16]      2) Rule 17a-5(b)  [17]      3) Rule 17a-11  [18]  
4) Special request by designated examining authority  [19]      5) Other  [26]

NAME OF BROKER-DEALER

U.S. STERLING SECURITIES, INC. [13]

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

1393 VETERANS MEMORIAL HIGHWAY UNIT 412N [20]  
(No. and Street)

HAUPPAUGE [21] NY [22] 11788 [23]  
(City) (State) (Zip Code)

SEC. FILE NO.

8-47052 [14]

FIRM ID NO.

35912 [15]

FOR PERIOD BEGINNING (MM/DD/YY)

10/01/19 [24]

AND ENDING (MM/DD/YY)

12/31/19 [25]

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT (Area code) - Telephone No.

George Goldman [30]

(631) 360-2829 [31]

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT

OFFICIAL USE

[32]  
[34]  
[36]  
[38]

[33]  
[35]  
[37]  
[39]

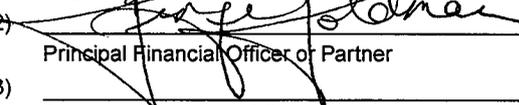
DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS ? YES  [40] NO  [41]  
CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT  [42]

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 27<sup>th</sup> day of FEBRUARY 20 20

Manual Signatures of:

- 1)  Principal Executive Officer or Managing Partner  
2)  Principal Financial Officer or Partner  
3) \_\_\_\_\_ Principal Operations Officer or Partner

ATTENTION - Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78:f (a) )

FINRA



FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER

U.S. STERLING SECURITIES, INC.

as of

12/31/19

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING,  
NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS  
LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A.I. Liabilities</u>	<u>Non-A.I. Liabilities</u>	<u>Total</u>
13. Bank loans payable .....	\$ 1045	\$ 1255	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account .....	1114	1315	1560
B. Other .....	1115	1305	1540
15. Payable to non-customers .....	1155	1355	1610
16. Securities sold not yet purchased, at market value .....		1360	1620
17. Accounts payable, accrued liabilities, expenses and other .....	49,336 1205	1385	49,336 1685
18. Notes and mortgages payable:			
A. Unsecured .....	1210		1690
B. Secured .....	1211	1390	1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		1400	1710
1. from outsiders \$ .....	970		
2. Includes equity subordination (15c3-1(d)) of .....	980		
B. Securities borrowings, at market value from outsiders \$ .....		1410	1720
C. Pursuant to secured demand note collateral agreements .....		1420	1730
1. from outsiders \$ .....	1000		
2. includes equity subordination (15c3-1(d)) of .....	1010		
D. Exchange memberships contributed for use of company, at market value .....		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes .....	1220	1440	1750
20. TOTAL LIABILITIES .....	\$ 49,336 1230	\$ 1450	\$ 49,336 1760
 <u>Ownership Equity</u>			
21. Sole proprietorship .....			\$ 1770
22. Partnership (limited partners) .....	1020		1780
23. Corporation:			
A. Preferred stock .....			1791
B. Common stock .....		10	1792
C. Additional paid-in capital .....		378,859	1793
D. Retained earnings .....		(271,472)	1794
E. Accumulated other comprehensive income .....			1797
F. Total .....		107,397	1795
G. Less capital stock in treasury .....		( )	1796
24. TOTAL OWNERSHIP EQUITY .....			\$ 107,397 1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY .....			\$ 156,733 1810

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER

U.S. STERLING SECURITIES, INC.

as of

12/31/19

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition	\$	107,397	3480
2. Deduct ownership equity not allowable for Net Capital			3490
3. Total ownership equity qualified for Net Capital		107,397	3500
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital			3520
B. Other (deductions) or allowable credits (List)			3525
5. Total capital and allowable subordinated liabilities	\$	107,397	3530
6. Deductions and/or charges:			
A. Total non-allowable assets from			
Statement of Financial Condition (Notes B and C)	\$	18,355	3540
B. Secured demand note deficiency			3590
C. Commodity futures contracts and spot commodities-proprietary capital charges			3600
D. Other deductions and/or charges			3610
		( 18,355)	3620
7. Other additions and/or allowable credits (List)			3630
8. Net Capital before haircuts on securities positions	\$	89,042	3640
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)) :			
A. Contractual securities commitments	\$		3660
B. Subordinated securities borrowings			3670
C. Trading and investment securities:			
1. Exempted securities			3735
2. Debt securities			3733
3. Options			3730
4. Other securities			3734
D. Undue concentration			3650
E. Other (List)			3736
			( ) 3740
10. Net Capital	\$	89,042	3750

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

**BROKER OR DEALER**

**U.S. STERLING SECURITIES, INC.**

as of

12/31/19

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

**Part A**

11. Minimum net capital required (6-2/3% of line 19)	.....	\$	3,289	<u>3756</u>
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	.....	\$	50,000	<u>3758</u>
13. Net capital requirement (greater of line 11 or 12)	.....	\$	50,000	<u>3760</u>
14. Excess net capital (line 10 less 13)	.....	\$	39,042	<u>3770</u>
15. Net capital less greater of 10% of line 19 or 120% of line 12	.....	\$	29,042	<u>3780</u>

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

16. Total A.I. liabilities from Statement of Financial Condition	.....	\$	49,336	<u>3790</u>
17. Add:				
A. Drafts for immediate credit	.....	\$	3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	.....	\$	3810	
C. Other unrecorded amounts (List)	.....	\$	3820	
19. Total aggregate indebtedness	.....	\$	49,336	<u>3840</u>
20. Percentage of aggregate indebtedness to net capital (line 19 divided by line 10)	.....	%	55.41	<u>3850</u>
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c-3-1(d)	.....	%	0.00	<u>3860</u>

**COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT**

**Part B**

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of net capital computation including both brokers or dealers and consolidated subsidiaries' debits	.....	\$		<u>3870</u>
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	.....	\$		<u>3880</u>
24. Net capital requirement (greater of line 22 or 23)	.....	\$		<u>3760</u>
25. Excess net capital (line 10 less 24)	.....	\$		<u>3910</u>
26. Net capital in excess of the greater of:				
5% of combined aggregate debit items or 120% of minimum net capital requirement	.....	\$		<u>3920</u>

**NOTES:**

(A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:

1. Minimum dollar net capital requirement, or
2. 6-2/3% of aggregate indebtedness or 4% of aggregate debits if alternative method is used.

(B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of the memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.

(C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER

U.S. STERLING SECURITIES, INC.

For the period (MMDDYY) from 10/01/19 3932 to 12/31/19 3933  
Number of months included in this statement 3 3931

STATEMENT OF INCOME (LOSS) or STATEMENT OF COMPREHENSIVE INCOME  
(as defined in §210.1-02 of Regulation S-X), as applicable

REVENUE

1. Commissions:

a. Commissions on transactions in exchange listed equity securities executed on an exchange .....	\$		<span style="border: 1px solid black; padding: 0 5px;">3935</span>
b. Commissions on listed option transactions .....			<span style="border: 1px solid black; padding: 0 5px;">3938</span>
c. All other securities commissions .....		54,558	<span style="border: 1px solid black; padding: 0 5px;">3939</span>
d. Total securities commissions .....		54,558	<span style="border: 1px solid black; padding: 0 5px;">3940</span>
2. Gains or losses on firm securities trading accounts			
a. From market making in options on a national securities exchange .....			<span style="border: 1px solid black; padding: 0 5px;">3945</span>
b. From all other trading .....			<span style="border: 1px solid black; padding: 0 5px;">3949</span>
c. Total gain (loss) .....			<span style="border: 1px solid black; padding: 0 5px;">3950</span>
3. Gains or losses on firm securities investment accounts .....			<span style="border: 1px solid black; padding: 0 5px;">3952</span>
4. Profits (losses) from underwriting and selling groups .....			<span style="border: 1px solid black; padding: 0 5px;">3955</span>
5. Revenue from sale of investment company shares .....			<span style="border: 1px solid black; padding: 0 5px;">3970</span>
6. Commodities revenue .....			<span style="border: 1px solid black; padding: 0 5px;">3990</span>
7. Fees for account supervision, investment advisory and administrative services .....			<span style="border: 1px solid black; padding: 0 5px;">3975</span>
8. Other revenue .....		138	<span style="border: 1px solid black; padding: 0 5px;">3995</span>
9. Total revenue .....	\$	54,696	<span style="border: 1px solid black; padding: 0 5px;">4030</span>

EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers .....		9,492	<span style="border: 1px solid black; padding: 0 5px;">4120</span>
11. Other employee compensation and benefits .....		21,259	<span style="border: 1px solid black; padding: 0 5px;">4115</span>
12. Commissions paid to other brokers-dealers .....			<span style="border: 1px solid black; padding: 0 5px;">4140</span>
13. Interest expense .....			<span style="border: 1px solid black; padding: 0 5px;">4075</span>
a. Includes interest on accounts subject to subordination agreements .....		<span style="border: 1px solid black; padding: 0 5px;">4070</span>	
14. Regulatory fees and expenses .....		21,462	<span style="border: 1px solid black; padding: 0 5px;">4195</span>
15. Other expenses .....		42,067	<span style="border: 1px solid black; padding: 0 5px;">4100</span>
16. Total expenses .....	\$	94,280	<span style="border: 1px solid black; padding: 0 5px;">4200</span>

NET INCOME/COMPREHENSIVE INCOME

17. Net Income (loss) before Federal income taxes and items below (Item 9 less Item 16) .....	\$	(39,584)	<span style="border: 1px solid black; padding: 0 5px;">4210</span>
18. Provision for Federal income taxes (for parent only) .....			<span style="border: 1px solid black; padding: 0 5px;">4220</span>
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above .....			<span style="border: 1px solid black; padding: 0 5px;">4222</span>
a. After Federal income taxes of .....		<span style="border: 1px solid black; padding: 0 5px;">4238</span>	
20. [RESERVED] .....			
a. [RESERVED] .....			
21. [RESERVED] .....			
22. Net income (loss) after Federal income taxes .....	\$	(39,584)	<span style="border: 1px solid black; padding: 0 5px;">4230</span>
23. Other Comprehensive income (loss) .....			<span style="border: 1px solid black; padding: 0 5px;">4226</span>
a. After Federal income taxes of .....		<span style="border: 1px solid black; padding: 0 5px;">4227</span>	
24. Comprehensive income (loss) .....	\$	(39,584)	<span style="border: 1px solid black; padding: 0 5px;">4228</span>

MONTHLY INCOME

25. Income (current month only) before provision for Federal income taxes .....	\$	(29,377)	<span style="border: 1px solid black; padding: 0 5px;">4211</span>
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FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER U.S. STERLING SECURITIES, INC.
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For the period (MMDDYY) from 10/01/19 to 12/31/19

STATEMENT OF CHANGES IN OWNERSHIP EQUITY  
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period .....	\$	122,981	4240
A. Net income (loss) .....		(39,584)	4250
B. Additions (includes non-conforming capital of .....	\$	4262	)
		24,000	4260
C. Deductions (includes non-conforming capital of .....	\$	4272	)
			4270
2. Balance, end of period (from item 1800) .....	\$	107,397	4290

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period .....	\$		4300
A. Increases .....			4310
B. Decreases .....			4320
4. Balance, end of period (from item 3520) .....	\$		4330

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**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

<b>BROKER OR DEALER</b> U.S. STERLING SECURITIES, INC.	as of <u>12/31/19</u>
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**Exemptive Provision Under Rule 15c3-3**

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based :

- A. (k) (1) - Limited business (mutual funds and/or variable annuities only) \$ 4550
- B. (k) (2) (i) - "Special Account for the Exclusive Benefit of customers" maintained 4560
- C. (k) (2) (ii) - All customer transactions cleared through another broker-dealer on a fully disclosed basis.  
 Name(s) of Clearing Firm(s) - Please separate multiple names with a semi-colon  
HILLTOP SECURITIES 4335 X 4570
- D. (k) (3) - Exempted by order of the Commission 4580

**Ownership Equity and Subordinated Liabilities maturing or proposed to be  
withdrawn within the next six months and accruals, (as defined below),  
which have not been deducted in the computation of Net Capital.**

Type of Proposed Withdrawal or Accrual (See below for code to enter)	Name of Lender or Contributor	Insider or Outsider ? (In or Out)	Amount to be with- drawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (Yes or No)
<u>4600</u>	<u>4601</u>	<u>4602</u>	<u>4603</u>	<u>4604</u>	<u>4605</u>
<u>4610</u>	<u>4611</u>	<u>4612</u>	<u>4613</u>	<u>4614</u>	<u>4615</u>
<u>4620</u>	<u>4621</u>	<u>4622</u>	<u>4623</u>	<u>4624</u>	<u>4625</u>
<u>4630</u>	<u>4631</u>	<u>4632</u>	<u>4633</u>	<u>4634</u>	<u>4635</u>
<u>4640</u>	<u>4641</u>	<u>4642</u>	<u>4643</u>	<u>4644</u>	<u>4645</u>
<u>4650</u>	<u>4651</u>	<u>4652</u>	<u>4653</u>	<u>4654</u>	<u>4655</u>
<u>4660</u>	<u>4661</u>	<u>4662</u>	<u>4663</u>	<u>4664</u>	<u>4665</u>
<u>4670</u>	<u>4671</u>	<u>4672</u>	<u>4673</u>	<u>4674</u>	<u>4675</u>
<u>4680</u>	<u>4681</u>	<u>4682</u>	<u>4683</u>	<u>4684</u>	<u>4685</u>
<u>4690</u>	<u>4691</u>	<u>4692</u>	<u>4693</u>	<u>4694</u>	<u>4695</u>
<b>TOTAL</b>			\$ <u>4699</u>		

OMIT PENNIES

Instructions: Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c) (2) (iv)), which could be required by the lender on demand or in less than six months.

**WITHDRAWAL CODE: DESCRIPTION**

1. Equity Capital
2. Subordinated Liabilities
3. Accruals
4. 15c3-1(c) (2) (iv) Liabilities