

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

SEC FILE NUMBER  
**8-45158**

20014108

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 July 1, 2019 AND ENDING June 30, 2020  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Sutter Securities, Inc.**

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
**6 Venture, Suite 395**

(No. and Street)

**Irvine**

**CA**

**92618**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
**Keith Moore, 949-295-1580**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Brian Anson, CPA**

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

**18455 Burbank Blvd #404**

**Tarzana**

**CA**

**91356**

(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)

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.

OATH OR AFFIRMATION

I, Keith Moore, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Sutter Securities, Inc. of June 30, 2020, 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]
Signature
CEO
Title

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).

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of LOS ANGELES

Subscribed and sworn to (or affirmed) before me on this 29  
day of AUGUST, 2020, by KEITH MOORE

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Seal)

Signature

A handwritten signature in black ink, appearing to read "Keith Moore", written over a horizontal line.

SEC Mail Processing

SEP 01 2020

Washington, DC

SUTTER SECURITIES, INC.

FINANCIAL STATEMENTS  
AND  
ACCOMPANYING SUPPLEMENTARY INFORMATION

REPORT PURSUANT TO SEC RULE 17a-5(d)

FOR THE YEAR ENDED  
JUNE 30, 2020

PUBLIC VERSION

**SUTTER SECURITIES, INC AND SUBSIDIARY**  
**(SEC ID. No. 8-45158)**

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**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL INFORMATION**

June 30, 2020

**CONFIDENTIAL DOCUMENT**

This report is deemed **CONFIDENTIAL** in accordance with Rule 17a-5(e)(3) under the Securities Exchange Act of 1934. A consolidated statement of financial condition has been filed with the Securities and Exchange Commission simultaneously herewith as a public document.

**BRIAN W. ANSON**

*Certified Public Accountant*

18455 Burbank Blvd., Suite 404, Tarzana, CA 91356 • Tel. (818) 636-5660 • Fax (818) 881-2605

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholder's and Board of Directors of Sutter Securities Incorporated

**Opinion on the Financial Statements**

I have audited the accompanying statement of financial condition of Sutter Securities Incorporated as of June 30, 2020, the related statements of operations, changes in shareholder's equity, and cash flows for the year then ended, and the related notes (collectively referred to as the financial statements). In my opinion, the financial statements present fairly, in all material respects, the financial position of Sutter Securities Incorporated as of June 30, 2020, 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.

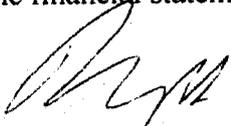
**Basis for Opinion**

These financial statements are the responsibility of Sutter Securities Incorporated's management. My responsibility is to express an opinion on Sutter Securities Incorporated's financial statements based on my audit. I am a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and am required to be independent with respect to Sutter Securities Incorporated in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

I conducted my audit in accordance with the standards of the PCAOB. Those standards require that I 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. My 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. My audit also included evaluating the accounting principles used and significant estimates made by management, as evaluating the overall presentation of the financial statements. I believe that my audit provides a reasonable basis for my opinion.

**Auditor's Report on Supplemental Information**

The information contained in Schedule I, II, and III ("Supplemental Information") has been subjected to audit procedures performed in conjunction with the audit of the Sutter Securities Incorporated's financial statements. The Supplemental Information is the responsibility of the Sutter Securities Incorporated's management. My 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 my opinion on the Supplemental Information, I evaluated whether the Supplemental Information, including its form and content is presented in conformity with 17 C.F.R. § 240.17a-5. In my opinion, Schedules I, II, and III are fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Brian W. Anson, CPA

I have served as Sutter Securities Incorporated's auditor since 2020.

Tarzana, California

August 28, 2020

**SUTTER SECURITIES , INC. AND SUBSIDIARY**  
**JUNE 30, 2020**  
**CONSOLIDATED STATEMENT OF FINANCIAL CONDITION**  
June 30, 2020

**ASSETS**

Cash	302,047
Restricted cash	50,000
Due from clearing brokers and dealers	623,424
Due from Related Party	112,000
Prepaid expenses and other assets	<u>6,447</u>
Total assets	<u><u>\$ 1,093,918</u></u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Liabilities:

Accounts payable and accrued expenses	\$ 53,995
SBA PPP Loan	<u>102,800</u>
Total liabilities	<u>156,795</u>

Stockholders' equity:

Common stock, no par value; 3,500,000 shares authorized; 3,153,591 shares issued and outstanding	588,846
Retained earnings	<u>348,277</u>
Total stockholders' equity	<u>937,123</u>

Total liabilities and stockholders' equity	<u><u>\$ 1,093,918</u></u>
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The accompanying notes are an integral  
part of these consolidated financial statements.

## **SUTTER SECURITIES , INC. AND SUBSIDIARY**

**JUNE 30, 2020**

### **Note 1 – Organization and Nature of Business**

Sutter Securities, Inc. (the “Company”), was incorporated in the State of California on July 22, 1996 and commenced operations on December 8, 1992, and is registered with the Securities and Exchange Commission (“SEC”) and the Financial Industry Regulatory Agency (“FINRA”) as a broker-dealer. The Company specializes in enhancing the value of emerging growth companies through capital raising, capital structuring, mergers and acquisitions advisory services, and trading. The Company’s primary objective is to achieve superior returns for stakeholders of client companies.

### **Note 2 – Significant Accounting Policies**

**Basis of Presentation** – The Company conducts the following types of business as a securities broker-dealer, which comprises several classes of services, including:

- Broker or dealer retailing corporate equity securities over-the-counter;
- Broker or dealer retailing corporate debt securities;
- Underwriter or selling group participant on a best efforts or firm commitment basis as lead underwriter;
- Private placements of securities;
- Merger & acquisition business activities;
- Mutual fund retailer via wire order;
- U.S. government securities broker;
- Put and call broker;
- Distribute third party research;
- Create and distribute research; and
- Conduct securities business with retail customers, institutional customers and broker dealer entities.
- Proprietary trading
- Other advisory services

Under its membership agreement with FINRA and pursuant to Rule 15c3-3 (k) (2) (ii), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

**Use of Estimates** - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## SUTTER SECURITIES, INC. AND SUBSIDIARY

JUNE 30, 2020

**Securities Owned** – Profit and loss arising from all securities and commodities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Investments in securities are valued at market value.

### **ASC 606 Revenue Recognition**

#### 1. Revenue

##### *A. Significant accounting policy*

Revenue is measured based on a consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Company recognizes revenue when it satisfied a performance obligation by transferring control over a product or service to a customer.

Taxes and regulatory fees assessed by a government authority or agency that are both imposed on and concurrent with a specified revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue.

##### *B. Nature of services*

The following is a description of activities – separated by reportable segments, per FINRA Form “Supplemental Statement of Income (SSOI)”; from which the Company generates its revenue. For more detailed information about reportable segments,

- Commissions
- Investment Banking Fees earned: This includes fees earned from affiliated entities; investment banking fees and M&A advisory fees.
- Capital Gains (Losses) on Firm Investments.
- Dividends and Interest.

##### *C. Contract Balances and transaction price allocated to remaining performance obligations*

Due to the nature of the Company’s business, changes in receivables, contract assets and contract liabilities with customers due to revenue recognized from performance obligations satisfied in previous periods were immaterial

### **Note 3 - Fair Value**

FASB 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

## SUTTER SECURITIES, INC. AND SUBSIDIARY

JUNE 30, 2020

### Note 3 - Fair Value, Continued

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 FASB 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 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the 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.)

There were no levels to measure at June 30, 2020.

### Note 4 - Concentration of Credit Risk

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include broker-dealers, banks, and other financial institutions. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party. One customer accounted for 10.2% of the Company's revenue for the year ended June 30, 2020.

### Note 5 - Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule (SEC 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. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. The Company's minimum net capital requirement is the greater of 6 2/3rds of aggregated indebtedness or \$250,000. The Company's minimum net capital is calculated as \$10,453. At June 30, 2020, the Company had net capital of \$1,021,476 which was \$771,476 in excess of its required minimum net capital requirement of \$250,000. The Company's net capital ratio was .0529 to 1.

## SUTTER SECURITIES , INC. AND SUBSIDIARY

JUNE 30, 2020

### Note 6 – Income Taxes

The Company accounts for income taxes using an asset and liability approach, as prescribed in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 740-10, Income Taxes - Overall. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Operating loss and tax credit carryforwards are measured by applying currently enacted tax laws. Valuation allowances are provided when necessary to reduce net deferred tax assets to an amount that is more likely than not to be realized.

ASC 740-10 requires that the tax effects of a position be recognized only if it is more likely than not to be sustained based solely on its technical merits as of the reporting date in an amount more likely than not to be sustained upon review by the tax authorities. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes.

Components of Income Tax at June 30, 2020 are:

Federal Income Taxes	\$ 0
State Income Taxes	<u>\$800</u>
Income Tax Expense	<u>\$800</u>
Components of Deferred Taxes	\$75,089
Reserve for Deferred Taxes	<u>(\$75,089)</u>
Deferred Taxes	<u>\$ 0</u>

Based on its analysis, the Company has determined that it has not incurred any liability for unrecognized tax benefits as of June 30, 2020 as any benefit would not be utilized based on the Company filing a consolidated tax return with its parent.

### Note 7 – Exemption from the SEC Rule 15c3-3

Sutter Securities, Inc. is an introducing broker-dealer that clears all transactions with and for customers on a fully disclosed basis with an independent securities clearing company and promptly transmits all customer funds and securities to the clearing company, which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of the SEC Rule 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer.

### Note 8 - Litigation

From time to time, the Company is involved in routine litigation that arises in the ordinary course of business. The Company believes, to the extent not previously recorded, that there are no pending significant legal proceedings to which the Company is a party for which management believes the ultimate outcome would have a material adverse effect on the Company’s financial position. to this matter.

**SUTTER SECURITIES , INC. AND SUBSIDIARY**

**JUNE 30, 2020**

**Note 9 – Operating Lease Commitments**

For the year ended June 30, 2021 total minimum lease payments are \$7,609. The Company terminated its leases office space in San Francisco California in July, 2020. The Company's office lease expense totaled \$93,044 for the year ended June 30, 2020.

In February 2016, FASB Issued ASU 2016-02 (842) on leases. Under the new guidance lessees are required to recognize a lease liability and a right-to-use asset for all leases at the commencement date with the exception of short-term leases. ASU 2016-02 (842) is effective for annual an interim periods beginning after December 15, 2018 and early adoption is permitted. The Company is not subject to this requirement due to the expiration of the San Francisco lease and the other offices are part of an expense sharing agreement.

**Note 10 – Related Parties**

From time to time during the year, the Company advanced monies to affiliated companies, including Sutter Securities Group, Inc. (SSG), its parent company and Boustead Securities, LLC, (BSL), a FINRA registered broker-dealer under common ownership with the Company. The advances carry no interest and are repayable at any time. As of June 30, 2020, the Company had advanced SSG \$12,000 and BSL \$100,000.

**Note 11 – Subsequent Events**

The management has reviewed the results of operations for the period of time from its year end June 30, 2020 through August 28, 2020 the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.