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**ANNUAL REPORTS  
FORM X-17A-5  
PART III**

SEC  
Mail Processing  
Section

JAN 31 2022

SEC FILE NUMBER	
8-51832	

Washington DC  
413

FACING PAGE

Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING December 1, 2020 AND ENDING November 30, 2021  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF FIRM: Investment Security Corporation

TYPE OF REGISTRANT (check all applicable boxes):

- Broker-dealer
- Security-based swap dealer
- Major security-based swap participant
- Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

24009 Ventura Blvd., Ste. 101

(No. and Street)

Calabasas

CA

91302

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Richard Leach

818-225-9529

reach@investmentsecuritycorporation.com

(Name)

(Area Code - Telephone Number)

(Email Address)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing\*

OHAB AND COMPANY, PA

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

100 E SYBELIA AVE, SUITE 130 MAITLAND

FL

32751

(Address)

(City)

(State)

(Zip Code)

JULY 28, 2004

1839

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

**FOR OFFICIAL USE ONLY**

\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

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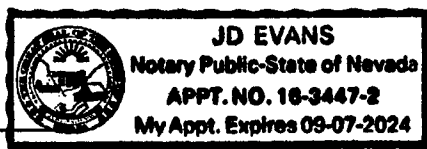
OATH OR AFFIRMATION

I, Richard Leach, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Investment Security Corporation, as of November 30, 2021, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.

State of Nevada
County of Washoe

[Handwritten signature]

Notary Public



Signature: [Handwritten signature]
By:
Title: President

This filing\*\* contains (check all applicable boxes):

- (a) Statement of financial condition.
(b) Notes to consolidated 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...
(d) Statement of cash flows.
(e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
(f) Statement of changes in liabilities subordinated to claims of creditors.
(g) Notes to consolidated financial statements.
(h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
(i) Computation of tangible net worth under 17 CFR 240.18a-2.
(j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
(k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
(l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
(m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
(n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
(o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
(p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
(q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
(r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
(s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
(t) Independent public accountant's report based on an examination of the statement of financial condition.
(u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
(v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
(w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
(x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
(y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
(z) Other:

\*\*To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.



# **ohab and Company, P.A.**

100 E. Sybelia Ave. Suite 130  
Maitland, FL 32751

*Certified Public Accountants*  
Email: [pam@ohabco.com](mailto:pam@ohabco.com)

Telephone 407-740-7311  
Fax 407-740-6441

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder's  
of Investment Security Corporation

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

We have audited the accompanying statement of financial condition of Investment Security Corporation as of November 30, 2021, and the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of Conover Securities as of November 30, 2021 in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

This financial statement is the responsibility of Investment Security Corporation's management. Our responsibility is to express an opinion on Investment Security Corporation'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 Investment Security Corporation 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 statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial 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.

Ohab and Company, PA

We have served as Investment Security Corporation's auditor since 2018.

Maitland, Florida

January 24, 2022

**Investment Security Corporation**  
**Statement of Financial Condition**  
**November 30, 2021**

**Assets**

Cash	\$	63,218
Commissions receivable		27
Accounts receivable		-
Prepaid income taxes		3,443
Prepaid expense		11,586
FSCT Warrants C		1
Deposit		<u>862</u>
<b>Total assets</b>	<b>\$</b>	<b><u>79,137</u></b>

**Liabilities and Stockholder's Equity**

**Liabilities**

Commissions payable	\$	23
Accrued expenses		<u>-</u>
<b>Total liabilities</b>		<b>23</b>

**Stockholder's equity**

Common stock, no par value, 100,000 shares authorized, 100 shares issued and outstanding		1,000
Additional paid-in capital		10,000
Retained earnings		<u>68,114</u>
<b>Total stockholder's equity</b>		<b><u>79,114</u></b>
<b>Total liabilities and stockholder's equity</b>	<b>\$</b>	<b><u>79,137</u></b>

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

**Investment Security Corporation**  
**Notes to Financial Statements**  
**November 30, 2021**

**Investment Security Corporation**  
**Notes to Financial Statements**  
**November 30, 2021**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization*

Investment Security Corporation (the "Company") was incorporated in the State of California on January 21, 1999. The Company is a registered \$5,000 non-introducing broker-dealer under the Securities and Exchange Act of 1934, a member of the Financial Industry Regulatory Authority ("FINRA"), and the Securities Investor Protection Corporation ("SIPC").

The Company is engaged in the business as a securities broker-dealer that primarily involves alternative investments. The company makes available to eligible customers: unregistered securities (known as private placements); public (registered), non-traded (non-listed) REITS; mutual funds; IRC § 529 college savings plans; and variable insurance products. All of the Company's securities business is at the retail level. Also, the Company receives finder's fees, in accordance with a written finder's agreement, as compensation for introducing and/or referring prospective investors to a sponsor of private placement when a prospective investor makes an investment with the sponsor of a private placement offering.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3(k)(2)(i) and/or SEC Release 34-70073, Footnote 74, the Company conducts its securities business on a non-introducing basis with the securities transaction documents delivered directly to the issuer or the issuer's agent. The Company does not receive, directly or indirectly, or hold funds or securities, does not carry accounts or execute or clear securities transactions for customers and effects securities transactions via subscriptions. 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.

*Summary of Significant Accounting Policies*

For purposes of reporting the statement of cash flows, the Company considers all cash accounts and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash balances in excess of FDIC and similar insurance coverage are subject to the usual banking risks associated with funds in excess of those limits. At November 30, 2021 the Company had no uninsured cash balances.

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

**Investment Security Corporation**  
**Notes to Financial Statements**  
**November 30, 2021**

Commissions receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

The Company recognizes revenue under FASB ASC Topic 606. Commissions from the sale of private placements, mutual funds, variable annuities, and 12b-1s are recognized as revenue at the point in time the associated service is fulfilled, which is based on the trade date. The Company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon and the risks and reward of ownership has been transferred to the customer. Other income includes finder's fees and fees representatives pay the Company as part of their contract, which are recognized at a point in time.

The Company accounts for its income taxes in accordance with FASB ASC 740, Income Taxes. This standard requires the establishment of a deferred tax asset or liability to recognize the future tax effects of transactions that have not been recognized for tax purposes, including taxable and deductible temporary differences as well as net operating loss and tax credit carryforwards. Deferred tax expenses or benefits are recognized as a result of changes in the tax basis of an asset or liability when measured against its reported amount in the financial statements.

**Note 2: INCOME TAXES**

The current and deferred portions of the income tax expense (benefit) included in the Statement of Income as determined in accordance with FASB ASC 740 are as follows:

	Current	Deferred	Valuation	Total
Federal	(\$ 46)	\$ -	\$ -	(\$ 46)
State	\$ 800	\$ -	\$ -	\$ 800
Total income tax expense (benefit)	\$ 754			\$ 754

The Company is required to file income tax returns in both federal and state tax jurisdictions. The Company's tax returns are subject to examination by taxing authorities in the jurisdictions in which it operates in accordance with the normal statutes of limitations in the applicable jurisdiction. For federal purposes, the statute of limitations is three years. Accordingly, the company is no longer subject to examination of federal returns filed more than three years prior to the date of these financial statements. The statute of limitations for state purposes is generally three years, but may exceed this limitation depending upon the jurisdiction involved. Returns that were filed within the applicable statute remain subject to examination. As of November 30, 2021, the IRS has not proposed any adjustment to the Company's tax position.

**Investment Security Corporation**  
**Notes to Financial Statements**  
**November 30, 2021**

**Note 3: RELATED PARTY TRANSACTIONS**

The Company shares office space with the Law offices of Richard A Leach ("Law Office"). The Company and Law Office share office space in Calabasas, CA, for which each pays their proportionate share of rent directly to the landlord. The Company leases space on a month to month basis at a monthly cost of \$974, which includes a \$50 storage fee. In February 2016 the FASB issued ASU 2016-02, Leases - (Topic 842). ASU 2016-02 will require the recognition of lease assets and lease liabilities on the balance sheet to the rights and obligations created by lease agreements, including for those leases classified as operating leases under previous GAAP, along with the disclosure of key information about leasing arrangements. The Company has elected not to apply the recognition requirements of Topic 842 relating to its office lease and instead has elected to recognize the lease payments as lease cost on a straight line basis over the lease term.

The Company and Law Office also rent office space in Richard Leach's residence in Sparks, NV, for which each pay their proportionate share to Richard Leach. Rent expense paid totaled \$13,200 for both leases for the year ended November 30, 2021. In addition, the Company and Law Office pay proportionate share of certain predetermined overhead and general expense under a formal expense sharing agreement which are paid directly to vendors.

It is possible that the terms of certain of the related party transactions are not the same as those that would result for transactions among wholly unrelated parties.

**Note 4: COMMITMENTS AND CONTINGENCIES**

*Contingencies*

On or about June 25, 2021, the Company was served with a Statement of Claim in FINRA arbitration number 21-01619, in the matter of *Terry & Alma Shields, et al. v. Investment Security Corporation, et al.* The Company believed that the arbitration was without merit with respect to the Company. On or about July 28, 2021, all of the claimants withdrew the entire claim against the Company. Thus, the company made no contingencies for legal costs with respect to arbitration number 21-01619.

On or about November 5, 2021, the Company was served with a Statement of Claim in FINRA arbitration number 21-02764, in the matter of *Tanya Henderson, et al. v. Investment Security Corporation.* No arbitration date has been set. The Company believes that the arbitration is without merit with respect to the Company. After evaluating the claims, the Company made no provision in the accompanying financial statements for legal costs related to the arbitration number 21-02764.

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**Investment Security Corporation**  
**Notes to Financial Statements**  
**November 30, 2021**

**Note 5: GUARANTEES**

FASB ASC 460, Guarantees, requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying factor (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or nonoccurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. This guidance also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of indebtedness of others.

The Company has issued no guarantees at November 30, 2021 or during the fiscal year then ended.

**Note 6: SUBSEQUENT EVENTS**

The Company has evaluated events subsequent to the balance sheet date for items requiring recording or disclosure in the financial statements. The evaluation was performed through the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.

**Note 7: NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission 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. Net capital and aggregate indebtedness change day to day, but on November 30, 2021, the Company had net capital of \$63,218, which was \$58,218 in excess of its required net capital of \$5,000; and the Company's ratio of aggregate indebtedness (\$23) to net capital was 0.00 to 1.