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

Washington DC
413

SEC FILE NUMBER
8-23266

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 12/01/20 AND ENDING 11/30/21
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **LBMZ SECURITIES, INC.**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

10 South Riverside Plaza, Suite 1600

(No. and Street)

60606

(City)

(State)

(Zip Code)

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

Richard Marks (312)265-9161

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Michael Coglianese CPA PC

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

126 E. Lake Street

Bloomington

IL

60108

(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)

OATH OR AFFIRMATION

I, Richard Marks, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of LBMZ SECURITIES, INC. of November 30, 2021, 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:



Richard Marks
Signature
Financial & Operations Principal
Title

Robbin Imrisek 1/20/2022
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).

LBMZ SECURITIES, INC.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors of LBMZ Securities, Inc.

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of LBMZ Securities, Inc. as of November 30, 2021, 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 LBMZ Securities, Inc. 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 LBMZ Securities, Inc.'s management. Our responsibility is to express an opinion on LBMZ Securities, Inc.'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 LBMZ 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 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.

We have served as LBMZ Securities, Inc.'s auditor since 2015.

Michael Coglianes CPA, P.C.

Bloomingdale, IL
January 18, 2022

LBMZ SECURITIES, INC.

STATEMENT OF FINANCIAL CONDITION
As of November 30, 2021

ASSETS	
Cash and cash equivalents	\$ 326,689
Receivable from clearing brokers	162,612
Other receivable from broker	7,558
Due from affiliate	6,702
Accrued interest receivable	124
Investment in stock	2,242
Prepaid expenses	75,255
Deferred income tax asset	643,920
Equipment (net of allowance for depreciation, \$15,494)	629
TOTAL ASSETS	\$ 1,225,731
LIABILITIES	
Due to affiliate	\$ 102,747
Accounts payable	25,683
Accrued expenses	47,943
Total liabilities before accrued interest payable subordinated debt	176,373
Accrued interest payable-subordinated debt	95,450
TOTAL LIABILITIES	271,823
LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS	1,000,000
STOCKHOLDER'S EQUITY	(46,092)
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 1,225,731

See notes to statement of financial condition.

LBMZ SECURITIES, INC.

NOTES TO STATEMENT OF FINANCIAL CONDITION As of and for the Year Ended November 30, 2021

NOTE 1 - Nature of Operations

LBMZ SECURITIES, INC. (the "Company", also known as "ZacksTrade"), a C Corporation, established in 1978 in the state of Illinois, is a fully disclosed, introducing securities broker dealer registered with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority ("FINRA").

The Company derives commission income from retail brokerage operations. Customer accounts are introduced to our clearing broker, Interactive Brokers, LLC on a fully disclosed basis.

NOTE 2 - Summary of Significant Accounting Policies

Government and Other Regulation

The Company's business is subject to significant regulation by governmental agencies and self-regulatory organizations. Such regulation includes, among other things, periodic examinations by these regulatory bodies to determine whether the Company is conducting and reporting its operations in accordance with the applicable requirements of these organizations.

Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as detailed in the Financial Accounting Standards Board's Accounting Standards Codification ("ASC").

Revenue Recognition

All commission and clearance fee revenue is recognized in the month in which the transactions associated with the commissions are completed (settlement date). GAAP requires revenue to be recognized in the month in which the transactions associated with the commissions are earned (trade date). Generally, there is no material difference between settlement date and trade date in the recognition of this revenue.

The Company recognizes consulting revenue when persuasive evidence of an arrangement exists, the related services are provided, the price is fixed and determinable and collectability is reasonably assured.

The Company recognizes interest income from its customers at Interactive Brokers, LLC. Interest income is accrued, based on the month ending balance in the customers' accounts, and is paid to the Company in the following month.

Cash and Equivalents

The Company defines cash and equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

Equipment

Equipment is stated at cost less accumulated depreciation. Depreciation is computed using the MACRS200 method over the estimated useful lives of the assets.

LBMZ SECURITIES, INC.

NOTES TO STATEMENT OF FINANCIAL CONDITION As of and for the Year Ended November 30, 2021

Income Taxes

The Company is subject to the accounting standard for uncertainty in income taxes. The tax effects from an uncertain tax position can be recognized in the financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized, upon ultimate settlement with the relevant tax authority. When applicable, interest and penalties on uncertain tax positions are calculated based on the guidance from the relevant tax authority and included in income tax expense. The Company did not have any uncertain tax positions as of November 30, 2021. Income tax returns filed or to be filed for the years ended November 30, 2018 through 2021 remain open and are subject to review by applicable tax authorities.

Deferred Income Taxes

Deferred income taxes arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Deferred taxes consist primarily of temporary differences relating to the recognition of certain expenses in different periods for book and tax purposes.

Other Receivable from broker

Represents cash held in a brokerage account that is not being traded.

Fair Value of Financial Instruments

The Company's short-term financial instruments consist of the following: cash, receivables from clearing broker, investment in stock available for sale, accounts payable and accrued expenses. The carrying values of these short-term financial instruments approximate their estimated fair values based on the instruments short-term nature.

For the fiscal year ended November 30, 2021, there have been no changes in the application of valuation methods applied to similar assets and liabilities.

Use of Estimates

The preparation 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Company has evaluated subsequent events occurring through the date of the Independent Registered Public Accounting Firm report. The Company feels that no material events have occurred through that date would require recording or disclosure in the Company's financial statements.

LBMZ SECURITIES, INC.

NOTES TO STATEMENT OF FINANCIAL CONDITION As of and for the Year Ended November 30, 2021

NOTE 3 - Related Party Transactions

The Company uses the payroll servicer of its affiliate, Zacks Investment Research, Inc. ("ZIR"), to process its payroll. ZIR funds the payroll and then charges the Company for its employees' share. ZIR, at times, will also pay for other services provided to the Company, such as professional fees, health insurance, shipping, postage, and the in-house services of ZIR employees. These expenses are then charged to the Company. The Company also receives office space and related services from ZIR at no cost.

Total charges incurred with ZIR during the year ended November 30, 2021 are as follows:

Payroll	\$ 407,917
IT expense	53,415
Professional and outside services	8,962
Fees and subscriptions	3,772
Employment	54,711
Other expenses	<u>2,095</u>
Total	<u>\$ 530,872</u>

As of November 30, 2020, \$129,549 of these charges was unpaid and accrued and carried forward to November 30, 2021 as follows:

Balance, November 30, 2020	\$ 129,549
Charges	530,872
Payments and credits to affiliate	<u>(557,674)</u>
Balance, November 30, 2021	<u>\$ 102,747</u>

The Company pays registration and other fees on behalf of employees of its affiliate, Zacks Investment Management, Inc. ("ZIM") who are also employees of the Company. These expenses are then charged to ZIM. Total fees incurred by the Company, on behalf of ZIM, during the year ended November 30, 2021 are \$77,599. As of November 30, 2021, \$6,702 of the charges to ZIM was unpaid and accrued.

The Company uses the services of its affiliate, Zacks Analyst Watch, Inc. ("ZAW") for IT services. Total charges incurred with ZAW during the year ended November 30, 2021 are as follows:

Consulting	<u>\$6,100</u>
Total	<u>\$6,100</u>

As of November 30, 2021, none of these charges were unpaid.

LBMZ SECURITIES, INC.

NOTES TO STATEMENT OF FINANCIAL CONDITION As of and for the Year Ended November 30, 2021

NOTE 4 - Income Taxes

The provision for income tax benefit for the year ended November 30, 2021 consisted of the following components:

Current:		
Federal	\$	-
State		<u>-</u>
Provision for current income taxes	\$	<u>-</u>
Deferred:		
Federal	\$	(5,925)
State		<u>(2,694)</u>
Provision for deferred income taxes (benefit)	\$	<u>(8,619)</u>

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The deferred tax asset as of November 30, 2021, which consists entirely of a deferred income tax asset arising from the recognition of certain expenses in different periods for financial reporting and income tax reporting purposes, is as follows:

Deferred:		
Federal	\$	443,066
State		<u>200,854</u>
Total deferred income tax asset	\$	<u>643,920</u>

NOTE 5- Liabilities Subordinated to Claims of General Creditors

Liabilities subordinated to claims of general creditors are payable to the stockholder, bearing interest of 1.2% and 1.3% per annum, respectively, and mature on June 24, 2025, \$500,000 and March 1, 2027, \$500,000. The subordinated borrowings are covered by agreements approved by FINRA and are thus available in computing net capital under the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1). To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid.

LBMZ SECURITIES, INC.

NOTES TO STATEMENT OF FINANCIAL CONDITION As of and for the Year Ended November 30, 2021

NOTE 6 - Concentrations of Credit Risk

The Company maintains cash balances in one financial institution located in Illinois, which at times, may exceed federally insured limits. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. On November 30, 2021, the Company had approximately \$77,000 of cash balances in excess of the FDIC insured limits. Deposits with clearing organizations and all securities are uninsured. The Company has not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts.

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

NOTE 7 - Net Capital Requirements

The Company is subject to 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, 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.

On November 30, 2021, the Company had net capital of \$226,942, which was \$176,942 in excess of its required net capital of \$50,000. The Company's ratio of aggregate indebtedness to net capital was .78 to 1. Below is the reconciliation between the net capital calculated above and the net capital computed and reported in the Company's November 30, 2021 FOCUS filing:

	<u>Financial Statements</u>	<u>Per FOCUS Filing</u>
Total net capital	\$ 226,942	\$ 226,942
Required net capital	<u>50 000</u>	<u>50,000</u>
Total excess net capital	<u>\$ 176,942</u>	<u>\$ 176,942</u>