



23002282

SEC Mail Processing

ANNUAL REPORTS

MAR 20 2023 FORM X-17A-5

PART III

Washington, DC

FACING PAGE

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

FILING FOR THE PERIOD BEGINNING 01/01/22 AND ENDING 12/31/22
MM/DD/YY MM/DD/YY

OMB APPROVAL
OMB Number: 3235-0123
Expires: Oct. 31, 2023
Estimated average burden
hours per response: 12
SEC FILE NUMBER

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Payden & Rygel Distributors

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.)
333 South Grand Avenue, 40th Floor
Los Angeles CA 90071
(No. and Street) (City) (State) (Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING
Bradley Hersh 213-625-1900 bherh@payden.com
(Name) (Area Code - Telephone Number) (Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing\*
Hutchinson & Bloodgood LLP
550 N. Brand Blvd., 14th Floor Glendale CA 91203
(Address) (City) (State) (Zip Code)
09/29/2003 261
(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.
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.

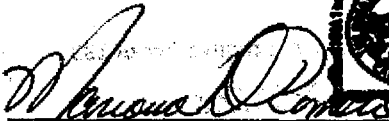
FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION

Payden & Rygel Distributors  
(a wholly owned subsidiary of Payden & Rygel)  
Year Ended December 31, 2022  
With Report and Supplementary Report of Independent  
Registered Public Accounting Firm

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.

**OATH OR AFFIRMATION**

I, Bradley Hersh, CFO, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Payden & Rygel Distributors, as of February 27, 2023, 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.

  
Mariana D. Romero, Notary Public



Signature: 

Title:  
Bradley Hersh, CFO

**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 (as defined in § 210.1-02 of Regulation S-X).
- (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.

2022-11-28 10:30 AM  
2022-11-28 10:30 AM  
2022-11-28 10:30 AM

2022-11-28 10:30 AM  
2022-11-28 10:30 AM  
2022-11-28 10:30 AM



**Payden & Rygel Distributors**  
(a wholly owned subsidiary of Payden & Rygel)

**Financial Statements**  
**and Supplemental Information**

**Year Ended December 31, 2022**

**Contents**

**Report of Independent Registered Public Accounting Firm.....1**

**Financial Statements**

**Statement of Financial Condition .....2**

**Statement of Operations.....3**

**Statement of Changes in Shareholder's Equity .....4**

**Statement of Cash Flows .....5**

**Notes to Financial Statements.....6**

**Supplemental Information**

**Computation of Net Capital Pursuant to Rule 15c3-1 (Schedule 1).....9**

**Statements Regarding Rule 15c3-3 (Schedule 2) .....10**



**YOUR PARTNER FOR SUCCESS  
SINCE 1922**

**(818) 637-5000**

550 N. Brand Blvd., 14th Floor  
Glendale, CA 91203

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholder and Board of Directors of Payden & Rygel Distributors

### Opinion on the Financial Statements

We have audited the accompanying statements of financial condition of Payden & Rygel Distributors (the Company) as of December 31, 2022, and the related statements of operations, changes in shareholder's equity, and cash flows for the year then ended, and the related notes to the financial statements (collectively, the financial statements). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 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 the Company's management. Our responsibility is to express an opinion on the Company'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 the Company in accordance with 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.

### Supplemental Information

The supplementary information contained in Schedules I and II (the Supplemental Information) has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The Supplemental Information is the responsibility of the Company'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 supplementary information contained in Schedules I and II is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Hatchinson and Bloodgood LLP*

We have served as the Company's auditor since 2022.  
Glendale, California  
February 28, 2023

**Payden & Rygel Distributors**  
(a wholly owned subsidiary of Payden & Rygel)

**Statement of Financial Condition**

December 31, 2022

**Assets**

Cash	\$ 65,000
Distribution fee receivable	27,397
Due from parent	134,484
Prepaid expenses	31,645
<b>Total assets</b>	<b><u>\$ 258,526</u></b>

**Liabilities and shareholder's equity**

Liabilities:	\$ -
Shareholder's equity:	
Common stock, \$10 par value:	
1,000,000 authorized, 250 issued and outstanding	2,500
Additional paid-in capital	322,699
Accumulated deficit	(66,673)
<b>Total shareholder's equity</b>	<b><u>258,526</u></b>
<b>Total liabilities and shareholder's equity</b>	<b><u>\$ 258,526</u></b>

*See accompanying notes.*

**Payden & Rygel Distributors**  
(a wholly owned subsidiary of Payden & Rygel)

**Statement of Operations**

Year Ended December 31, 2022

Distribution fee revenue (see Note 5)	\$ —
Service fee income from Parent (see Note 5)	111,905
General and administrative expenses	(111,905)
Income before income tax	<u>—</u>
Income tax	<u>—</u>
Net income	<u><u>\$ —</u></u>

*See accompanying notes.*

**Payden & Rygel Distributors**  
(a wholly owned subsidiary of Payden & Rygel)

**Statement of Changes in Shareholder's Equity**

Year Ended December 31, 2022

	<b>Common Stock</b>	<b>Additional Paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Total</b>
Balance at December 31, 2021	\$ 2,500	\$ 322,699	\$ (66,673)	\$ 258,526
Net income				-
Balance at December 31, 2022	\$ 2,500	\$ 322,699	\$ (66,673)	\$ 258,526

*See accompanying notes.*

**Payden & Rygel Distributors**  
(a wholly owned subsidiary of Payden & Rygel)

**Statement of Cash Flows**

Year Ended December 31, 2022

<b>Operating activities</b>	
Net income	\$ -
<b>Adjustments to reconcile net income to net cash used in operating activities:</b>	
Decrease in distribution fees receivable	10,439
Increase in due from Parent	(7,115)
Increase in prepaid expenses	(3,324)
Net cash used in operating activities	-
Cash at beginning of year	<u>65,000</u>
Cash at end of year	<u><u>\$ 65,000</u></u>

*See accompanying notes.*

Payden & Rygel Distributors  
(a wholly owned subsidiary of Payden & Rygel)  
Notes to Financial Statements

December 31, 2022

**1. Organization**

Payden & Rygel Distributors, a California corporation (the Company), was incorporated on February 13, 1992, and is a wholly owned subsidiary of Payden & Rygel (the Parent). The Company is a registered broker-dealer under the Securities Exchange Act of 1934 and is also a member of the Financial Industry Regulatory Authority. The Company serves as distributor of shares of the Payden & Rygel Investment Group, a series of mutual funds (collectively, the Funds). The Company assists the Funds in marketing and advertising the availability of Fund shares and enters into agreements with third-party broker-dealers to assist in the distribution of Fund shares.

As the Company neither carries customer accounts, nor performs custodial functions related to customer securities, it is exempt from the provisions of Rule 15c3-3 of the Securities and Exchange Commission.

**2. Summary of Significant Accounting Policies**

The Company's financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), which requires management to make judgments and assumptions that affect the amounts reported in the statement of financial condition and accompanying notes. Actual results could differ from those estimates. The following is a summary of significant accounting and reporting policies:

**Revenue Recognition**

As the distributor of shares of the Funds, the Company receives distribution fees from the Adviser and Retirement classes of certain Funds, related to sales & marketing activity (performance obligation), which are recorded when the performance obligation is satisfied on a daily basis at a point in time. Distribution fees are based on a percentage of average net assets in these Funds' Adviser and Retirement classes (transaction price).

The Company also earns fee revenue under an agreement with the Parent. See Note 5.

**General and Administrative Expenses**

General and administrative expenses consist of registration and professional fees, and are expensed as incurred.

**Payden & Rygel Distributors**  
(a wholly owned subsidiary of Payden & Rygel)  
**Notes to Financial Statements (continued)**

**3. Net Capital Requirements**

Pursuant to the Uniform Net Capital requirements of the Securities and Exchange Commission under Rule 15c3-1, the Company is required to maintain a minimum net capital, as defined. In addition, the ratio of aggregate indebtedness to net capital, both as defined, cannot exceed 15 to 1. At year end, the Company had net capital, as defined, of \$92,397 which was \$87,397 in excess of its net required capital of \$5,000, and the ratio of aggregate indebtedness to net capital was 0 to 1.

**4. Income Taxes**

The Company files its tax return on a consolidated basis with the Parent and has a tax-sharing agreement to compute income tax expense/benefit on a pro-rata basis. Tax years 2020 through 2022 are subject to examination by the federal taxing authority and tax years 2019 through 2022 are subject to examination by the State of California.

Income taxes are provided for current taxes payable or refundable and temporary differences arising from future tax consequences of events that have been recognized in the Company's financial statements or income tax returns. The effect of income taxes is measured based on enacted tax laws and rates.

No income tax is recorded for the year. As of yearend, the Company has a net deferred tax asset of \$0. The net deferred tax asset is comprised of a gross deferred tax liability in the amount of \$46,824 related to account receivables and prepaid expenses, and a gross deferred tax asset in the amount of \$46,824 related to a net operating loss carryforward. The net operating loss carryforward of \$167,326 relates to operating losses generated at the Company and used by the Parent to offset its income in the consolidated tax return, for which the Company has not received benefit.

**5. Related Parties**

The Company has an agreement with its Parent whereby the Parent may pay the Company a fee in connection with the expenses incurred by the Company (performance obligation), which is recorded when the performance obligation is satisfied over time. The amount and timing of payment are at the discretion of the Parent but shall not exceed the total expenses incurred by the Company (transaction price), and the timing of payment shall be such that the Company always maintains capital in excess of all regulatory requirements. Amounts due from the Parent are noninterest bearing. During the year, the Company recognized \$111,905 as service fee income from the Parent which is recorded in the statement of operations.

**Payden & Rygel Distributors**  
(a wholly owned subsidiary of Payden & Rygel)

**Notes to Financial Statements (continued)**

In addition, the agreement allows the Company to transfer all or a portion of the distribution fee the Company receives from certain Funds to the Parent. During the year, the Company transferred \$359,601 of distribution fee income to the Parent which is recorded net in the statement of operations.

As of yearend, the Company had a receivable of \$134,484 due from the Parent.

**6. Indemnifications**

The Company enters into contracts that contain a variety of indemnifications. The Company's maximum exposure under these agreements is not estimable. However, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of a material loss to be remote.

**7. Going Concern**

Management has evaluated relevant conditions and events and has determined that there are no conditions or events that raise substantial doubt about the Company's ability to continue as a going concern.

**8. Subsequent Events**

The Company has evaluated subsequent events through the issuance date of the financial statements and determined no other events have occurred that require disclosure.

Journal of Applied Behavior Analysis

Volume 35, Number 1, February 2002

Journal of Applied Behavior Analysis is a peer-reviewed journal of research and practice in the field of behavior analysis. The journal is published quarterly by the American Psychological Association. The journal is required reading for all behavior analysts and is a key source of information on the latest research and practice in the field.

For more information on the journal, please visit our website at <http://www.apa.org/journals/aba>.

APA Publications

The journal is published quarterly by the American Psychological Association. The journal is required reading for all behavior analysts and is a key source of information on the latest research and practice in the field.

## Supplemental Information

APA Publications

The journal is published quarterly by the American Psychological Association. The journal is required reading for all behavior analysts and is a key source of information on the latest research and practice in the field.

APA Publications

The journal is published quarterly by the American Psychological Association. The journal is required reading for all behavior analysts and is a key source of information on the latest research and practice in the field.

**Payden & Rygel Distributors**  
 (a wholly owned subsidiary of Payden & Rygel)  
**Computation of Net Capital Pursuant to Rule 15c3-1**  
**of the Securities and Exchange Commission**  
**(Schedule 1)**

December 31, 2022

**Computation of net capital**

Total shareholder's equity from statement of financial condition	\$ 258,526
Deductions:	
Nonallowable assets:	
Due from Parent	\$ 134,484
Prepaid expenses	31,645
Other deductions	—
Total nonallowable assets	166,129
Net capital	\$ 92,397

**Computation of basic net capital requirement**

Minimum net capital required (6-2/3% of aggregate indebtedness)	\$
Minimum dollar net capital requirement	\$ 5,000
Net capital requirement	\$ 5,000
Excess net capital	\$ 87,397

**Computation of aggregate indebtedness**

Total aggregate indebtedness included in statement of financial condition	\$
Ratio of aggregate indebtedness to net capital	0%

*There were no material differences between the above computation and the corresponding schedule included in the Company's unaudited Part II of Form X-17A-5 as of December 31, 2022*

**Payden & Rygel Distributors**  
(a wholly owned subsidiary of Payden & Rygel)  
**Statements Regarding Rule 15c3-3**  
**of the Securities and Exchange Commission**  
(Schedule 2)

December 31, 2022

**1. Computation of Reserve Requirements Pursuant to Rule 15c3-3:**

The Company is exempt from the Reserve Requirement of computation according to the provision of Rule 15c3-3(k)(1).

**2. Information Relating to Possession or Control Requirements Under Rule 15c3-3:**

The Company is exempt from Rule 15c3-3 as it relates to Possession and Control Requirements under the (k)(1) exemptive provision.