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

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Washington, DC*

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 01/01/23 AND ENDING 12/31/23
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: The Klein Group LLC

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.)

640 Fifth Avenue (14th Floor)

(No. and Street)

New York

(City)

New York

(State)

10019

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Lee Jay Taragin

(Name)

212-632-3764

(Area Code - Telephone Number)

Jay.Taragin@mkleinandcompany.com

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

WithumSmith+Brown PC

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

506 Carnegie Center Suite 400 Princeton

(Address)

(City)

NJ

(State)

08540

(Zip Code)

10/08/2003

(Date of Registration with PCAOB)(if applicable)

100

(PCAOB Registration Number, if applicable)

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* 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, Lee Jay Taragin, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of The Klein Group LLC, as of 12/31, 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.

Signature: [Handwritten Signature] Title: CFO

[Handwritten Signature] Notary Public

JOSEPH A. MENDOLA Notary Public, State of New York No. 02ME4934409 Qualified in New York County Commission Expires May 23, 2026

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.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Management and Member of
The Klein Group, LLC:

Opinion on the Financial Statement


We have audited the accompanying statement of financial condition of The Klein Group, LLC (the "Company") as of December 31, 2023, 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 the Company as of December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this 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 the Company 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 statement. 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 statement. We believe that our audit provides a reasonable basis for our opinion.

We have served as the Company's auditor since 2023.



WithumSmith+Brown PC

February 29, 2024

THE KLEIN GROUP, LLC

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2023

Assets		
Cash	\$	4,327,908
Restricted cash		177,439
Accounts receivable		1,115,085
Operating lease right-of-use asset		12,079,706
Property and equipment, net		791,799
Deferred tax asset		680,000
Prepaid expenses		<u>414,941</u>
Total Assets		<u>\$ 19,586,878</u>
 Liabilities and Member's Equity		
Liabilities		
Accrued expenses and other liabilities	\$	657,863
Operating lease liability		<u>12,232,280</u>
Total Liabilities		12,890,143
 Commitments and Contingencies		
Member's Equity		<u>6,696,735</u>
Total Liabilities and Member's Equity		<u>\$ 19,586,878</u>

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

THE KLEIN GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

The Klein Group, LLC (the “Company”) was formed in September 1998 under the laws of the State of Florida as Capitalink L.L.C. On April 20, 2010, in connection with a Membership Interest Purchase Agreement, M. Klein and Company, LLC (“M. Klein LLC”) purchased 100% of the Company’s interest. The Company changed its name to The Klein Group, LLC on April 29, 2010. As a limited liability company, the member’s potential liability is limited to the assets available in the operating entity. The Company’s registration as a broker-dealer with the Securities and Exchange Commission (the “SEC”) became effective on March 11, 1999. The Company operates under a membership agreement with the Financial Industry Regulatory Authority (“FINRA”) and is a member of the Securities Investor Protection Corporation (“SIPC”). The Company’s business consists of providing advisory services to its clients. Effective October 6, 2020, the Company was additionally approved to serve as a Firm Commitment Underwriter.

On February 8, 2023, M. Klein LLC entered into a Share Purchase Agreement with Credit Suisse Group AG (“CS Parent”) and Credit Suisse (USA) Inc. (“CS USA”) to sell the Company. On February 9, 2023, CS Parent issued a press release and announced, subject to regulatory approvals, the purchase of The Klein Group LLC, for a purchase price of \$175 million.

On June 12, 2023, the Board of Directors of UBS Group AG approved the execution of a merger of UBS AG and Credit Suisse (USA) Inc. (“CS USA”). Credit Suisse (USA) Inc. (“CS USA”), and M. Klein & Co LLC mutually agreed to terminate the acquisition of The Klein Group, LLC (i.e., the investment banking business of M. Klein & Co. LLC) by Credit Suisse considering Credit Suisse’s merger with UBS Group AG.

THE KLEIN GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statement has been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

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 the 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 events that occurred subsequent to December 31, 2023 through the date these financial statements were issued for matters that required disclosure or adjustment in these financial statements. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the financial statements.

CASH AND CASH EQUIVALENTS

The Company considers all short-term investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2023, the Company had no cash equivalents.

RESTRICTED CASH

Restricted cash represents cash, which the Company is required to maintain in money market accounts in the form of a certificate of deposit as collateral for security for a lease of its office space.

CONCENTRATION OF CASH BALANCES

The Company has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company's financial condition, results of operations, and cash flows.

THE KLEIN GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE AND ALLOWANCES FOR CREDIT LOSSES

The Company extends unsecured credit in the normal course of business to its clients. Accounting Standards Codification (“ASC”) Topic 326, Financial Instruments – Credit Losses (“ASC 326”) impacts the impairment model for certain financial assets measured at amortized cost by requiring a current expected credit loss (“CECL”) methodology to estimate expected credit losses over the entire life of the financial asset, recorded at inception or purchase.

The allowance for credit losses is based on the Company’s expectation of the collectability of financial instruments carried at amortized cost, including fees receivable utilizing the CECL framework. The Company considers factors such as historical experience, credit quality, age of balances and current and future economic conditions that may affect the Company’s expectation of the collectability in determining the allowance for credit losses. The Company’s expectation is that the credit risk associated with fees receivables is not significant until they are 90 days past due on the contractual arrangement and expectation of collection in accordance with industry standards. Management does not believe that an allowance is required as of December 31, 2023. Three customers accounted for greater than 10% of the accounts receivable balance as of December 31, 2023. Three customers accounted for approximately 72% of the accounts receivable balance as of December 31, 2023. As of January 1, 2023, the accounts receivable balance was \$1,515,992.

FAIR VALUE MEASUREMENTS

ASC 820 – Fair Value Measurement defines fair value, establishes a framework for measuring fair value and establishes a hierarchy of fair value inputs. 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 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 ASC 820, are used to measure fair value.

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure an asset or a liability fall to different levels within the hierarchy, the classification of the entire asset or liability will be based on the lowest level input that is significant to the overall fair value measurement of the asset or liability. The Company categorizes assets and liabilities based on the inputs to the valuation techniques used to measure fair value as follows:

THE KLEIN GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices for similar instruments in active markets, quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly. Investments which would generally be included in this category are publicly traded securities with restrictions.

Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions would reflect the Company's own estimates of assumptions that market participants would use in pricing the asset or liability. Such valuation techniques include the use of option pricing models, discounted cash flow models, and similar techniques.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and amortization. Maintenance and repairs are charged to expense as incurred; costs of major additions and betterments are capitalized. When property and equipment are sold or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in income. Art is carried at historical cost. Depreciation is not required to be provided on art that has an indefinite life and there is no expected reduction in value with the passage of time; however, the carrying amount of the art will be reviewed when there is evidence of impairment.

Depreciation and amortization are provided for by the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the term of the related lease or the estimated useful lives of the assets.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company evaluates the recoverability of its long-lived assets whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, the Company recognizes such impairment in the event the net book value of such assets exceeds the future net cash flows expected to be generated by the assets. There was no impairment of long-lived assets on December 31, 2023.

THE KLEIN GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES

The Company accounts for its leases in accordance with ASC 842, Leases. The Company is a lessee in noncancellable operating leases for office space. The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease.

Lease liabilities. A lease liability is measured based on the present value of its future lease payments. Lease payments are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options or amounts that are probable of being owed under a residual value guarantee. The discount rate is the implicit rate if it is readily determinable; otherwise, the Company uses its incremental borrowing rate. The implicit rates of the Company's leases are not readily determinable; accordingly, the Company uses its incremental borrowing rate based on the information available at the commencement date for each lease. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

The Company determines its incremental borrowing rates by starting with the interest rates on its recent borrowings and other observable market rates and adjusting those rates to reflect differences in the amount of collateral and the payment terms of the leases. ROU assets. A lessee's ROU asset is measured at the commencement date at the amount of the initially measured lease liability plus any lease payments made to the lessor before or at the commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is, present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term see Note 6- Leases.

THE KLEIN GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

The Company is treated as a disregarded entity for income tax purposes and reports its results of operations on its sole members tax return. M. Klein LLC is treated as a partnership for income tax purposes and accordingly, is not subject to federal and state income taxes in any jurisdiction. Each member of M. Klein LLC is responsible for the tax liability, if any, related to its proportionate share of the Company's taxable income. The Company is subject to New York City Unincorporated Business Tax ("UBT").

The Company has concluded that it is a pass-through entity and there are no uncertain tax positions that would require recognition in the financial statements. If the Company was to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income tax expense. The Company's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof, as well as other factors. Generally, tax returns for three years from the date of filing remain subject to examination by the tax authorities as of December 31, 2023.

NOTE 3 - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2021, the Company entered into a shared service agreement (the "Shared Service Agreement") with M. Klein LLC and Archimedes Advisor Group, LLC ("Archimedes"), an entity under common indirect ownership. In accordance with the Shared Service Agreement, Archimedes will reimburse certain expenses incurred by the Company and M. Klein LLC on behalf of Archimedes.

During the year ended December 31, 2023, M. Klein & Company contributed shares of a publicly traded entity totaling \$1,102,500.

THE KLEIN GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at December 31, 2023:

	Amount	Estimated Useful Lives
Furniture and fixtures	\$901,257	7 Years
Computer equipment	609,008	5 Years
Leasehold improvements	977,312	Term of Lease
Art	116,860	Indefinite
	<u>2,604,437</u>	
Less: accumulated depreciation and amortization	<u>(1,812,638)</u>	
Property and Equipment, Net	<u>\$791,799</u>	

NOTE 5 - RETIREMENT PLAN

The Company sponsors The Klein Group, LLC, 401(k) Plan (the "Plan"), a defined contribution plan for the benefit of the Company's eligible employees. Eligible participants may join the Plan after 6 months of full-time employment. All funds are self-directed by the participant. The Company's employer contributions are discretionary. For the year ended December 31, 2023, the Company will contribute approximately \$250,000 to employee accounts as part of the safe harbor provision of the Plan. This amount is recorded in accrued expenses and other liabilities in the accompanying statement of financial condition.

NOTE 6 - LEASES

The Company entered into an operating lease for the office space it currently occupies on September 30, 2014. The lease became effective on June 16, 2015, for a term of 10 years with each of the parties having the right to terminate after 5 years with the terminating party paying a \$500,000 cancellation fee. The lease provided for free rent for the first 10 months of the lease. In June 2018, the Company entered into a lease amendment whereby 1) the \$500,000 cancellation fee payment was removed and 2) additional office space was leased, which the Company took possession during the year ended December 31, 2019.

On August 2, 2022, the Company entered into a Second Amendment of its lease agreement with its landlord and extended the term for the 12th and 14th floors that was initially scheduled to expire on March 31, 2026. In addition, the Company expanded the current lease to add the entire rentable area of the fifteenth (15th) floor of the building.

As of the execution of the Second Amendment, the term was extended to the 10th anniversary of the Second Expansion Premises Commencement Date (Expected to be

THE KLEIN GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 6 – LEASES (CONTINUED)

July 2024). The Second Expansion Premises Commencement Date is the date that landlord delivers vacant and exclusive possession of the Second Expansion Premises to the Company with Landlord's Second Expansion Premises Work substantially complete. Under ASC 842, the lease amendment was treated as a separate lease for the new space and a modification of the lease for the original space (See Note 8). The lease liability is based on the present value of the remaining minimum lease payments, discounted using the Company's estimated incremental borrowing rate of 8%.

An additional ROU asset and lease liability of approximately \$5,853,000 were recorded at the time of the amendment as relates to the 12th and 14th floor.

The Company has obligations as a lessee for office space with initial non-cancelable terms in excess of one year. The Company classifies these leases as operating leases. The Company's leases do not include termination options for either party to the lease or restrictive financial or other covenants. Payments due under the lease contracts include fixed payments plus, for many of the Company's leases, variable payments.

The Company's office space leases require it to make variable payments for the Company's proportionate share of the building's property taxes, insurance, and common area maintenance. These variable lease payments are not included in lease payments used to determine lease liability and are recognized as variable costs when incurred.

THE KLEIN GROUP, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 6 – LEASES (CONTINUED)

Maturities of lease liabilities under these leases, which have a weighted average remaining term of approximately 10 years, as of December 31, 2023, are as follows:

For the Year Ending December 31,	Amount
2024	2,055,881
2025	2,055,060
2026	2,055,060
2027	2,055,060
2028	2,055,060
Thereafter	<u>11,767,665</u>
Total future minimum lease payments	22,043,786
Tenant Improvement Credit	(2,837,933)
Less imputed interest	<u>(6,973,573)</u>
Total operating lease liabilities	<u>\$12,232,280</u>

NOTE 7 – FAIR VALUE MEASUREMENT

Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short-term, highly liquid nature. These financial instruments include cash, restricted cash, accounts receivable, prepaid expenses and accrued expenses and other liabilities.

The fair values of publicly traded equity securities contributed by the Parent and paid to employees as stock based compensation are based on quoted market prices in active markets for identical assets and are classified as Level 1 in the fair value hierarchy. There were no transfers between Level 1 and Level 2 investments during the year ended December 31, 2023.

THE KLEIN GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - COMMITMENTS AND CONTINGENCIES

LETTER OF CREDIT

The Company has approximately \$177,000, which represents approximately 102% of the required security deposit for the operating lease effective June 16, 2015, in a standby letter of credit as of December 31, 2023, which expires in April 2025. This is classified as restricted cash on Statement of Financial Condition.

LEASE

The Company entered into a second amendment of operating lease for the 15th floor on August 2, 2022. As per the second amendment of the lease the term was extended to the 10th anniversary of the Second Expansion Premises Commencement Date (Expected to be July 2024).

The following table represents information about lease commitment, including free rent, for the 15th floor as of December 31, 2023.

For the Year Ending December 31,	Amount
2024	\$0
2025	829,317
2026	1,105,755
2027	1,105,755
2028	1,105,755
Thereafter	<u>6,331,763</u>
15 th Floor Lease Commitment	<u>\$10,478,345</u>

THE KLEIN GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

LITIGATION

From time to time the Company may be involved in various legal matters and proceedings in connection with its business operations. Management does not believe that any pending legal proceedings will have a material adverse effect on its business, results of operations, or financial position. Management is not aware of any unasserted claims that it believes will have a material adverse effect on its business, results of operations, or financial position.

On March 25, 2021, and April 9, 2021, the Company was named as defendants in two putative class action lawsuits that have since been consolidated under the caption In Re MultiPlan Corp. Stockholders Litigation, Consolidated C.A. No. 2021-0300-LWW (Del.Ch), alleging claims for breach of fiduciary duty and aiding and abetting breach of fiduciary duty in connection with the merger between Churchill Capital Corp. III and MultiPlan, Inc. A memorandum of understanding was executed on October 27, 2022, to resolve the litigation. The Stipulation and Agreement of Compromise, Settlement, and Release was filed with the Court of Chancery of the State of Delaware on November 17, 2022, and the court approved the settlement on February 28, 2023. The Company did not incur any expense related to the Multiplan settlement.

On December 22, 2023, M. Klein and Company LLC and its subsidiary The Klein Group, LLC were named as parties to legal proceedings in the Kingdom of Saudi Arabia addressing the confidentiality of certain materials and information relating to various financial advisory engagements with the Public Investment Fund (PIF), a Saudi sovereign wealth fund. M. Klein LLC has incurred the related legal fees, and these costs are subject to indemnification from PIF.

REGULATORY EXAM

From time to time, the SEC and/or FINRA may examine or investigate the activities of broker-dealers. These examinations or investigations often focus on the activities of the registered representatives doing business through such entities and the entities' supervision of those persons. It is possible that any examination or investigation could lead to enforcement action by the regulator and/or may result in payments of fines and/or penalties, as well as changes in systems or procedures, any of which could have a material adverse effect on the Company's financial condition or results of operations. As of the date of this report, the Company is not aware that there will be any material adverse effect to the Company's financial condition or results of operations as a result of any such pending examinations or investigations.

THE KLEIN GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - 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 to not exceed .24 to 1.

On December 31, 2023, the Company had net capital of \$3,517,471 which was \$3,417,471 in excess of its required net capital of \$100,000. The Company had aggregate indebtedness of \$810,437 on December 31, 2023. The Company's capital ratio was .23 to 1.

The Reserve Requirements pursuant to Rule 15c3-3 is not applicable as the Company does not hold customer funds or securities and the Company's activities are limited to those contemplated by Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. 240.17a05.