

KJM SECURITIES, INC.
MEMBER FINRA SIPC MSRB
Established 1986

April 13, 2020

VIA EMAIL

Vanessa A. Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
Fax: (202) 772-9324
apfilings@sec.gov

Administrative Proceeding No. 3-19631

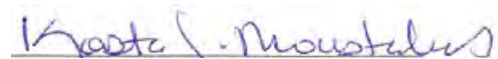
RE: In the Matter of the Application for Review of KJM Securities, Inc.

Dear Ms. Countryman:

Enclosed please find KJM Securities, Inc. response to FINRA's brief in opposition to the application for review.

Please contact me at (914) 793-7043 if you have any questions.

Thank you in advance,
KJM Securities, Inc.



Kosta J. Moustakas
President and CEO

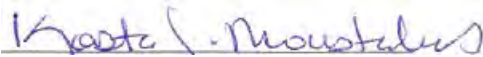
cc: Ms. Celia L. Passaro, (via Email)

**BEFORE THE
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC**

**In the Matter of the Application Of
KJM Securities, Inc.
For Review of Action Taken by
FINRA
File No. 3-19631**

KJM SECURITIES, INC.

RESPONSE TO FINRA'S BRIEF IN OPPOSITION TO THE APPLICATION FOR REVIEW


**Kosta J. Moustakas
President and CEO**

**KJM Securities Inc.
48 Sagamore Road, #29
Bronxville, NY 10708**

April 13, 2020

TABLE OF CONTENTS

	Page
I. INTRODUCTION.....	1-2
II. FACTUAL BACKGROUND.....	2
A. KJM.....	2
B. KJM Events September 2001-2002.....	2
C. KJM Events September 2017-2018.....	2
III. PROCEDURAL HISTORY.....	2
IV. ARGUMENT	3
V. CONCLUSION.....	4
VI. EXHIBITS	
• Annual Audit March 31, 2019	
• EXHIBITS PROOF OF PAYMENT AND FILING AUDIT	

**BEFORE THE
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC**

**In the Matter of the Application Of
KJM Securities, Inc.
For Review of Action Taken by
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File No. 3-19631**

KJM SECURITIES, INC.

RESPONSE TO FINRA'S BRIEF IN OPPOSITION TO THE APPLICATION FOR REVIEW

I. INTRODUCTION

The facts of this case are undisputed. KJM Securities, Inc. has been a FINRA Member of Good Standing since 1987, a Member of Good Standing with the MSRB, and a Member of Good Standing with SIPC.

KJM Securities, Inc. has paid all renewal fees and assessments as of this filing. KJM Securities, Inc. has never not filed its annual audit in 32 years. KJM Securities, Inc. concedes that it is required to file audited annual financial reports within 60 days of the end of its fiscal year, as required by Section 17(e) of the Securities Exchange Act of 1934(the "Exchange Act") and Exchange Act Rule 17a-5(d). KJM Securities, Inc. filed an audited annual report for its fiscal year ending March 31, 2019.

KJM Securities, Inc. requested and was provided a hearing. The hearing panel imposed a suspension that would convert to an expulsion. KJM Securities, Inc. filed an appeal in its effort to avoid a suspension an expulsion. KJM Securities, Inc. did file its PCAOB March 31, 2019 annual report with the Commission. Paid all late fees to FINRA. And all administrative fees and costs (transcript fees).

KJM Securities, Inc., agrees with FINRA that "Audited annual reports are a critical component of FINRA's program to protect investors. Annual reports audited by an independent auditor provide third- party verification of a firm's financials, alert FINRA to problems with a firm's financials, and are used in making decisions about FINRA's examinations."

At all times KJM reached out to FINRA's staff and membership for help and KJM demonstrated by its letter commenting the Hearing Officers Proposal to take official notice dated October 10, 2019. At one point during the testimony by FINRA's witnesses, the Honorable Judge Sonnenberg asked if anyone other than the respondent contacted the auditors. The answer was "NO". When audit was completed, it was attempted to be submitted via the firm's gateway, but access was denied. Filing was sent to the SEC Headquarters and Regional Office. Audit copy was sent to FINRA. Audit was filed, fees and costs were paid.

II. Factual Background

- A. KJM has been a FINRA member of Good Standing , since November 1987. It is also a paid member of the Municipal Securities Rulemaking Board and a SIPC member. Its Main Office is located in Bronxville, New York. Kosta J. Moustakas is KJM's Sole direct owner and serves as KJM Securities, Inc. President and CEO, COO CCO, CFO and AMLCO
- B. September 2001-2002 Kosta J. Moustakas KJM's Sole owner, President and CEO, COO CCO ,CFO and AMLCO during fiscal year some months following September 11, 2001 attacks was admitted to New York Columbia Presbyterian Hospital , and was immediately placed on the [REDACTED]. The firm at all times filed its annual audits.
- C. September 2017-18 KJM's PCAOB Auditor died of [REDACTED] and additionally Kosta J. Moustakas the firms Sole direct owner of KJM Securities, Inc., its President and CEO, COO CCO ,CFO and AMLCO suffered [REDACTED] and was admitted to Mount Sinai, NYC and later admitted to Burke Neurological Institute in White Plains, New York both incidents were recorded by FINRA

III. PROCEDURAL HISTORY

A Hearing Officer held a telephone hearing on September 13, 2019, at which Moustakas and FINRA staff members testified. (R.at 55, 135-347.) On November 1, 2019, the hearing Panel issued a decision finding that KJM had failed to file its audited annual report. (R. at 509-519.) The Hearing Panel suspended KJM effective upon issuance of the decision, (R. at 519.) The Hearing Panel ordered that the suspension continue until KJM filed a compliant audited report, and that if it failed to do so within two months, the suspension would convert to an expulsion.³ (Id.) The Hearing Panel also ordered that KJM pay the \$1,000 in late fees and hearing costs.

IV. ARGUMENT

FINRA acting through its General Counsel, did not fulfill its obligation to its member, as outlined in its Certificate of Incorporation and By-laws.

The firm in response to the questions raised, submitted a letter to FINRA. The letter was dated October 10, 2019, and titled, Order Permitting Parties to Oppose or Otherwise Comment Upon the Hearing Officer's Proposal to Take Official Notice. This letter was submitted one month prior to receiving decision by the panel. KJM Securities, Inc. respectfully asked the Membership on how best to remedy the situation as to avoid a suspension particularly under the circumstances as a Respondent to Enforcements case to suspend. KJM Securities, Inc. unaware of any SEC exemptive provision exist and again we also know our responsibility to submit our annual audit to SEC, FINRA and various States.

Questions Raised: Yet No Response

We would like to know if we should file a motion to force our auditors to furnish our Audit so that we can submit it as we agreed. Do we contact the PCAOB Membership Committee if we do not receive our audit? What are our membership rights in this situation?

FINRA oversees District Office Operations and Activities*. All communication between the firm and FINRA was prohibited one month before the decision including all communication with the Department of Enforcement and the firm's Regulatory Coordinator was cancelled.

The expulsion time originally communicated to the firm was three months but was reduced to two months in its decision (In FINRA vs. SHAREMASTER case, and other similar FINRA cases were six months in time frame Suspension converting to Expulsion).

The firm has no Public Customers as reported on its SEC Form X-17A-5 Schedule I. Therefore, the firm could not possibly have been a threat to the Investing Public as outlined by FINRA's general counsel in its Opposition to Stay Motion to the SEC.

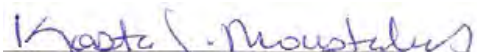
* FINRA Manual Reads

FINRA shall have ultimate responsibility for the rules and regulations of the Association and its operation and administration. Any function or responsibility as a registered securities association under the Securities Exchange Act of 1934 ("Act"), or as set forth in the Restated Certificate of Incorporation or the By-Laws. FINRA expressly retains the following authority and functions to exercise overall responsibility for ensuring that the Association's statutory and self-regulatory obligations and functions are fulfilled.

V. CONCLUSION

We respectfully ask the Commission to consider reinstatement of KJM Securities, Inc. to the FINRA Membership under the grounds that it filed its PCAOB annual audit report for March 31, 2019 with the Commission. Paid all Late Fees and Administrative Costs as reported by FINRA, its SRO. FINRA reported also that “the order did not constitute a final Order based on violations of any laws or regulations that prohibit fraudulent, manipulative or deceptive conduct.

Respectfully submitted,



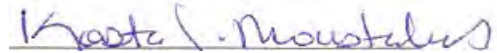
Kosta J. Moustakas
President and CEO
KJM Securities, Inc.
48 Sagamore Road, #29
Bronxville, NY 10708
914-793-7043- Telephone
914-793-7187- Facsimile

April 13, 2020

CERTIFICATE OF COMPLIANCE

I, Kosta J. Moustakas, certify that this brief complies with the length of limitation set forth in Commission Rule of Practice 450(c).

Respectfully submitted,



**Kosta J. Moustakas
President and CEO
KJM Securities, Inc.
48 Sagamore Road, #29
Bronxville, NY 10708
914-793-7043- Telephone
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Certificate of Service

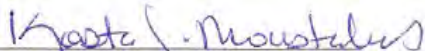
I, Kosta J. Moustakas, certify that on this 13th day of April 2020, I caused a copy of the foregoing KJM Securities, Inc.'s response to RESPONSE TO FINRA'S BRIEF IN OPPOSITION TO THE APPLICATION FOR REVIEW. In the Matter of KJM Securities, Inc., Administrative Proceeding File No. 3-19631 to be served by Email apfilings@sec.gov:

Vanessa A. Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
apfilings@sec.gov

and via Email on:

Celia L. Passaro,
Assistant General Counsel
FINRA-Office of General Counsel
1735 K Street, NW
Washington, DC 20006

Service was made on the Commission by Email and on FINRA by Email due to the distance between KJM Securities, Inc. offices and FINRA.



Kosta J. Moustakas
President and CEO
KJM Securities, Inc.
48 Sagamore Road, #29
Bronxville, NY 10708
914-793-7043- Telephone
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KJM Securities, Inc
(SEC I.D. No. 8-38066)

FINANCIAL STATEMENTS AND

SUPPLEMENTAL SCHEDULE

FOR THE YEAR ENDED MARCH 31, 2019

AND

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

AND

REVIEW REPORT REGARDING EXEMPTION PROVISIONS

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

OMB APPROVAL
OMB Number: 3235-0123
Expires: August 31, 2020
Estimated average burden hours per response . . . 12.00

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III
FACING PAGE

SEC FILE NUMBER
8-38066

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 04/01/18 AND ENDING 03/31/19
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

KJM SECURITIES, INC

OFFICIAL USE ONLY
FIRM ID. NO.

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

48 SAGAMORE ROAD, #29

(No. and Street)

BRONXVILLE NEW YORK 10708-1534
(City) (State) (Zip Code)

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

KOSTA J. MOUSTAKAS, PRESIDENT (914) 793-7043
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

AJSH & Co LLP

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

5000 Thayer Center Suite C Oakland Maryland 21550
(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).

Potential persons who are to respond to the collection of
information contained in this form are not required to respond
unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Kosta J. Moustakas, President, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of KJM Securities, Inc., (Company), as of March 31, 2019, 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:

Kosta J. Moustakas
 Signature

 President

[Signature] 2/14/20
 Notary Public
 MARK F. SHKRELI
 Notary Public, State of New York
 No. 03-4996849
 Qualified in Bronx County
 Cert. Filed in Westchester County
 Commission Expires 6/26/20

This report ** contains (check all applicable boxes):

This report contains (check all applicable boxes):

- (a) Report of Independent Registered Public Accounting Firm 1
- (x) (a) Facing page.
- (x) (b) Balance Sheet. 2
- (x) (c) Statement of Operations. 3
- (x) (d) Statement of Cash Flows. 4
- (x) (e) Statement of Changes in Stockholder's Equity. 5
- (f) Statement of Changes in Subordinated Liabilities (not applicable).
- (x) Notes to Financial Statements. 6-10
- (x) (g) Computation of Net Capital for Brokers and Dealers 11
 Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934.
- (h) Computation for Determination of Reserve Requirements for Brokers and Dealers
 Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934. (not applicable)
- (i) Information Relating to the Possession or Control Requirements
 for Brokers and Dealers Pursuant to Rule 15c3-3 under the
 Securities Exchange Act of 1934 (not applicable).
- (j) A Reconciliation, including Appropriate Explanations, of the Computation of Net
 Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve
 Requirements Under Rule 15c3-3 (not applicable).
- (k) A Reconciliation Between the Audited and Unaudited Consolidated Statements of
 Financial Condition With Respect to Methods of Consolidation (not applicable).
- (l) An Affirmation.
- (x) (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 (Supplemental Report on Internal
 Control).
- (x) (o) Review report on managements' assertion letter regarding (k)(2)(ii). 12
- (x) (p) Management's assertion letter regarding (k)(2)(ii). 13

Report of the Independent Registered Public Accounting Firm

To the Board of Directors of
KJM Securities, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of KJM Securities, Inc. (the "Company") as of March 31, 2019 and the related statements of operations, changes in stockholder's equity and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2019, 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 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 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 provide a reasonable basis for our opinion.

FINRA Examination

As discussed in Note 8 to the financial statements, FINRA conducted an examination relating to concerning the Financial Notifications filed by the Company during 2018 relating to Net Capital deficiencies at the Company. FINRA cautioned the Company concerning the deficiencies observed by it and will consider it in determining any future matter in case of repeated violation.

Supplementary Information

The supplementary information contained in Schedule I - Computation of Net Capital pursuant to Uniform Net Capital Rule 15c3-1 of Securities and Exchange Commission has been subjected to audit procedures performed in conjunction with the audit of 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 CFR § 240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.



AJSH & Co LLP

We have served as the Company's Auditor since 2019.

New Delhi, India
February 17, 2020

KJM SECURITIES, INC
STATEMENT OF FINANCIAL CONDITION
MARCH 31, 2019

ASSETS

Cash		\$ 7,671
Other receivable		121,801
Prepaid expense		368
Total Assets		\$ 129,840

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:

Accounts payable and accrued expenses		\$ 114,942
Total Liabilities		114,942

Stockholder's Equity:

Common stock - \$.01 par value		
10,100 shares authorized, issued and outstanding		101
Additional paid-in capital		36,421
Retained earnings		(21,624)
Total Stockholder's Equity		14,898
Total Liabilities and Stockholder's Equity		\$ 129,840

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

KJM SECURITIES, INC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2019

Revenues:	
Commissions and fees	\$ 584,682
Total Revenues	<u>584,682</u>
Costs and Expenses:	
Commissions/compensation and benefits	521,527
Rent	33,032
Utilities	4,293
Insurance	4,315
Travel	9,956
Regulatory fees	3,230
Professional fees	12,500
Office supplies and expenses	7,549
Telephone	8,284
SIPC fee	754
NYS corporation taxes	457
Total Costs and Expenses	<u>605,897</u>
Net Operating Income	(21,215)
Interest income	<u>3</u>
Net Loss	<u><u>\$ (21,212)</u></u>

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

KJM SECURITIES, INC
STATEMENT OF CHANGES IN FINANCIAL CONDITION
FOR THE YEAR ENDED MARCH 31, 2019

Cash Flows Used By Operating Activities:	
Net Loss	\$ (21,212)
Adjustment to reconcile net income to net cash (used) by operating activities:	
Changes in operating assets and liabilities:	
(Increase) in other receivable	(57,374)
Decrease in prepaid expense	615
Increase in accounts payable and accrued expenses	68,922
Net cash (used) by operating activities	<u>(9,049)</u>
Cash flows from investing activities:	
Cash flows from financing activities:	
Net cash provided by financing activities	<u>16,720</u>
Net increase in cash	<u>7,671</u>
Cash at beginning of year	<u>-</u>
Cash at end of year	<u>\$ 7,671</u>
Supplemental disclosures of cash flow information:	
Cash paid during the period for:	
Income taxes	\$ <u>457</u>

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

KJM SECURITIES, INC
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained earnings</u>	<u>Total Stockholder's Equity</u>
Balances, April 1, 2018	\$ 100	\$ 19,702	\$ (412)	\$ 19,390
Shareholder contribution	1	16,719		16,720
Net Loss	<u>-</u>	<u>-</u>	<u>(21,212)</u>	<u>(21,212)</u>
Balances, March 31, 2019	<u>\$ 101</u>	<u>\$ 36,421</u>	<u>\$ (21,624)</u>	<u>\$ 14,898</u>

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

KJM SECURITIES, INC
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

1. **ORGANIZATION AND NATURE OF BUSINESS**

KJM Securities, Inc. (Company) was incorporated on October 16, 1986 in the State of New York as a broker-dealer in securities transactions under the Securities Exchange Act of 1934. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company has adopted March 31 as its year end.

The Company clears all of its transactions through security clearing brokers. The Company acts as a broker-dealer and is exempt from Securities and Exchange Commission Rule 15c3-3 under paragraph k(2)(ii) since it uses other security firms for clearing.

Pursuant to industry agreements between the Company and various securities clearing brokers, securities transactions of the Company are cleared and its introduced customers are cleared on a fully disclosed basis. The Company is exempt from provisions of Rule 15c3-3 and is not responsible for compliance with Section 4(c) of Regulation T of the Board of Governors of the Federal Reserve System, as introduced customers' accounts are carried by the clearing firm, as defined by such rules.

2. **SIGNIFICANT ACCOUNTING POLICIES**

Revenue Recognition

The Company's financial statements are prepared using the accrual method of accounting.

The Company receives commission income in accordance with the terms of an agreement with the clearing agent. Commission income is recognized on the settlement date of purchase or sales transaction.

Fees are recognized as per ASC 606 when services are completed and the revenues are reasonably determined, unless the service is rendered on a contingent fee basis, in which case revenues are recognized upon satisfaction of the contingency.

Use of Estimates

The financial statements are presented in accordance with generally accepted accounting principles and prevailing industry practices, both of which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at March 31, 2019, as well as the reported amounts of revenues and expenses during the year then ended. Estimates, by their nature, are based on judgment and available information. Management believes that the estimates utilized in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates.

KJM SECURITIES, INC
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

Cash and Cash Equivalents

The Company considers all highly liquid investments purchases with a maturity of three months or less to be cash equivalents. Cash held by the Company is held in one global financial institution. The Company is subject to credit risk should the financial institution be unable to fulfill its obligations.

Other Receivables

Other receivables are considered fully collectible by management and, accordingly, no allowance for doubtful amounts is considered necessary.

Income Taxes

The Company complies with FASB ASC 741-10-1 through 25 (formerly SFAS No. 109, "Accounting for Income Taxes") which require an asset and liability approach to the financial accounting and reporting for income taxes.

Concentrations

During the year ended March 31, 2019, three customers made up 68% of revenue and four customers made up 76% of the receivable balance.

3. **RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

There were no new accounting pronouncements during the year ended March 31, 2019 that we believe would have a material impact on our financial position or results of operations

4. **NET CAPITAL REQUIREMENTS**

The Company is a member of the FINRA and subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital of \$5,000 and requires the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At March 31, 2019 the Company had net capital of \$5,446 which was \$446 excess of its required minimum capital requirement.

KJM SECURITIES, INC
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

5. CONTINGENCIES

In the normal course of business, the Company is engaged in various trading and brokerage activities on a principal and agency basis through a clearing broker.

In connection with these activities, a customer's unsettled transactions may expose the Company to off-balance-sheet risk in the event the customer is unable to fulfill its contractual obligations.

Significant credit exposure may result in the event that the Company's clearing broker is unable to fulfill their contractual obligation.

6. COMMITMENTS AND RELATED PARTY TRANSACTIONS

The Company sub-leases office space in the Village of Bronxville, New York from Gramgar, Inc., a related party, under an operating lease. The Company paid \$33,032 to Gramgar, Inc. during the year ending March 31, 2019.

7. CONCENTRATION OF CREDIT RISK

Financial instruments which potentially expose the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

The Company has not experienced any losses in such accounts.

8. FINRA EXAMINATION

During 2018, FINRA conducted a Financial Examination into the circumstances concerning the Financial Notifications filed by KJM Securities, Inc. (the "firm") relating to Net Capital Deficiencies at the firm and cautioned the firm with following exceptions in its Examination Disposition Letter dated June 20, 2019:

a. The firm failed to file 17a-11 Notification in a timely manner. It had a Net Capital deficiency for the period ending March 31, 2018 but did not file the notification until September 20, 2018. Further, the notification filed was inaccurate as it represented that the firm had corrected the capital deficiency, however, FINRA revealed that firm still had net capital deficiency and continued to report its accounts receivable incorrectly.

KJM SECURITIES, INC
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

- b. The firm failed to maintain current and accurate books and records for period ending August 16, September 28, and September 30, 2018.
- c. The RR payout schedule Neal Tracey Berger reflected an inconsistent payout structure.
- d. The firm failed to record certain expenses on its financial books and records with regard to audit fee and rent expense.
- e. The firm filed inaccurate FOCUS – Part IIA Reports for filing periods of June 30, 2018, September 30, 2018 and October 31, 2018. The FOCUS Reports contained inaccuracies and / or misclassifications in reported assets, liabilities, net capital, excess net capital and additional paid-in capital. The difference in net capital as reported net capital, was attributed to the firm's failure to classify a portion of its accounts receivables as non-allowable assets and accrue for its annual audit fee expense; October 31, 2018 the staff computed the firm's net capital to be \$17,458 with excess net capital of \$12,458.
- f. The firm failed to accurately compute its net capital for June 30, 2018, August 16, 2018, September 30, 2018 and October 31, 2018.
- g. Although the firm represented that the revenue consisted of legacy payments, it still received revenue from securities business while it was out of capital compliance for the first, second and third quarters of 2018.

As a cautionary action, the firm revised its FOCUS Reports for quarter third and fourth in order to ensure the cumulative disclosures of all quarterly FOCUS Reports reconciles with its Financial Statements for the year ending March 31, 2019.

9. STOCKHOLDER'S EQUITY

The authorized common stock in the audited financial statements for the year ended March 31, 2018 was mistakenly reported as 10,000 shares. However, as per the certificate of incorporation the aggregate number of shares which the corporation had the authority to issue was 10,100 shares, with a par value of \$0.01 per share. During the year ended March 31, 2019, the Company has issued 100 shares for \$0.01 per share against the expenses paid by Kosta on behalf of the Company amounting to \$16,720; the balance being the additional paid in capital.

KJM SECURITIES, INC
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 17, 2020, which is the date the financial statements were available to be issued.

On November 1, 2019 FINRA Suspended the firm for failing to file its Annual Audit dated March 31, 2019. On November 30 the firm filed an Appeal with the SEC, regarding the effect pending the outcome of the Appeal.

KJM SECURITIES, INC
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
MARCH 31, 2019

NET CAPITAL:	
Total stockholder's equity	\$ 14,898
Deductions and/or charges:	
Non-allowable asset:	
Accounts receivable	(9,084)
Prepaid expense	(368)
Net capital before haircuts on securities positions	<u>5,446</u>
Haircuts on securities positions	<u> </u>
Net Capital	<u>\$ 5,446</u>
AGGREGATE INDEBTEDNESS:	
Items included in the statement of financial condition:	
Accounts payable and accrued expenses	<u>\$ 2,332</u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:	
Minimum net capital required	<u>\$ 5,000</u>
Excess net capital	<u>\$ 446</u>
Net capital less greater of 10% of total AI or 120% of minimum net capital	<u>\$ (554)</u>
Ratio: Aggregate indebtedness to net capital is	<u>43%</u>

The difference between the computation of net capital as computed above and as reported by the Company in Part IIA of Form X-17a-5 as of March 31, 2019 is attributable to the following:

Net capital was report by Company	\$ 25,989
Audit adjustments	(20,543)
Net capital per audited report	<u>\$ 5,446</u>

Independent Accountants' Agreed-Upon Procedures Report on Schedule of Assessment and Payment

To the Board of Directors of
KJM Securities, Inc.

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and SIPC Series 600 Rules, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation ("SIPC") for the year ended March 31, 2019, which were agreed to by KJM Securities, Inc. (the "Company"), and SIPC, solely to assist you and SIPC in evaluating the Company's compliance with the applicable instructions of Form SIPC-7 for the year ended March 31, 2019. The Company's management is responsible for its compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with the standards established by the Public Company Accounting Oversight Board (United States). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payment in Form SIPC-7 with respective cash disbursement record entries, noting no material differences;
2. Compared the Total Revenue reported on the annual audited report Form X-17A-5 Part III for the year ended March 31, 2019, as applicable, with the Total Revenue reported in Form SIPC-7 for the year ended March 31, 2019, noting the following differences;

Revenue reported on the Annual Report Form X-17A-5 is \$584,682, \$188,628 more than \$396,054 of Total Revenue reported in Form SIPC-7.

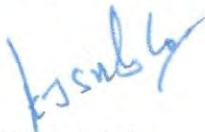
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no material differences;
4. Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting the following differences;

Based on revenues reported on the Annual Audited Report Form X-17A-5, the calculated assessment for the year ended March 31, 2019 should be \$849, instead of \$567 reported in Form SIPC-7. Previous payments were made of \$189, resulting an amount due of \$283.

5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no material differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the applicable instructions of Form SIPC-7. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.



AJSH & Co LLP

New Delhi, India

Date: February 17, 2020

TO: SIPC (Amended Copy)

SECURITIES INVESTOR PROTECTION CORPORATION
P.O. Box 92185 Washington, D.C. 20090-2185
202-371-8300
General Assessment Reconciliation

SIPC-7

(36-REV 12/18)

SIPC-7

(36-REV 12/18)

For the fiscal year ended _____
(Read carefully the instructions in your Working Copy before completing this Form)
TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

38066 FINRA MAR
KJM SECURITIES INC
PO BOX 734
BRONXVILLE NY 10708-0734

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

KOSTA J MOUSTAKAS

2. A. General Assessment (item 2e from page 2)	* 849	\$ 567
B. Less payment made with SIPC-6 filed (exclude interest)	* 572	(189)
<u>12-10-18</u> SIPC 6 12-10-18 189		
Date Paid		
C. Less prior overpayment applied	SIPC 7 5-19-19 378	(-)
Add till	5	
D. Assessment balance due or (overpayment)		(-)
E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum	* 572 *	(-)
F. Total assessment balance and interest due (or overpayment carried forward)		\$ <u>378</u> <u>277</u>
G. PAYMENT: <input checked="" type="checkbox"/> the box		<u>* 325 TOTAL</u>
Check mailed to P.O. Box <input type="checkbox"/> Funds Wired <input type="checkbox"/> ACH <input type="checkbox"/>		
Total (must be same as F above)	\$ <u>378</u> * 325	
H. Overpayment carried forward	\$ (-)	

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

KJM Securities Inc
(Name of Corporation, Partnership or other organization)

Kosta J Moustakas
(Authorized Signature)

President and CEO
(Title)

Dated the 8 day of May, 2019.

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates: Postmarked Received Reviewed

Calculations Documentation Forward Copy

Exceptions: _____

Disposition of exceptions: _____

DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT

Amounts for the fiscal period
beginning 4-1-18
and ending 3-31-19

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

Eliminate cents
\$ ~~396,054~~

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

* 584,682 (K)

Total additions

~~396,054~~
* 584,682 (K)

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):

18,372

(Deductions in excess of \$100,000 require documentation)

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ -

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ -

Enter the greater of line (i) or (ii)

 -

Total deductions

18,372

2d. SIPC Net Operating Revenues

* 566,310

\$ ~~377,682~~ (K)

2e. General Assessment @ .0015

\$ 567

(to page 1, line 2.A.) * 849


Report of Independent Registered Public Accounting Firm

To the Board of Directors of
KJM Securities, Inc.

We have reviewed management's statements, included in the accompanying KJM Securities, Inc.'s Exemption Report, in which (1) KJM Securities, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(ii) (the "exemption provisions") and (2) the Company stated that they met the identified exemption provisions throughout the most recent fiscal year without exception. The Company's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.


AJSH & Co LLP

New Delhi, India

Date: February 17, 2020

**KJM Securities, Inc
48 Sagamore Road
Suite 29
Bronxville, NY 10708**

Assertions Regarding Exemption Provisions

We, as members of management of KJM Securities, Inc (“the Company”), are responsible for compliance with the annual reporting requirements under Rule 17a-5 of the Securities Exchange Act of 1934. Those requirements compel a broker or dealer to file annual reports with the Securities Exchange Commission (SEC) and the broker or dealer’s designated examining authority (DEA). One of the reports to be included in the annual filing is an exemption report prepared by an independent public accountant based upon a review of assertions provided by the broker or dealer. Pursuant to that requirement, the management of the Company hereby makes the following assertions:

Identified Exemption Provision:

The Company claims exemption from the custody and reserve provisions of Rule 15c3-3 by operating under the exemption provided by Rule 15c3-3, Paragraph (k)(2)(ii).

Statement Regarding Meeting Exemption Provision:

The Company met the identified exemption provision without exception throughout the period ending April 1, 2018 through March 31, 2019.

KJM Securities, Inc

By: Kosta J. Moustakas

Kosta J. Moustakas, President

February 17, 2020

Fax

To: Maggie Baldwin	From: Kosta J. Moustakas
Fax: 703-813-9793	Pages: Cover Letter plus 21
Phone: 202-551-7875	Date: February 18, 2020
Re: Annual Audit for Fiscal Year Ending 03-31-2019	

Attached please find Annual Audit for Fiscal Year Ending 03-31-2019

Office of the Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Mail Stop 1090- Room #10915
Washington, DC 20549-1090

Last Transaction

Date	Time	Type	Station ID	Duration	Pages	Result
				<u>Digital Fax</u>		
Feb 18,	3:34PM	Fax Sent	17038139793	8:45 N/A	22	OK

US Flag BK11/20 1 \$11.00 \$11.00

Total: \$26.50

Debit Card Remit'd \$26.50
(Card Name:VISA)
(Account #:XXXXXXXXXXXX1389)
(Approval #)
(Transaction #:900)
(Receipt #:018226)
(Debit Card Purchase:\$26.50)
(Cash Back:\$0.00)
(AID:A0000000980840 Chip)
(AL:US DEBIT)
(PIN:Verified)

Includes up to \$50 insurance

Text your tracking number to 28777 (2USPS) to get the latest status. Standard Message and Data rates may apply. You may also visit www.usps.com USPS Tracking or call 1-800-222-1811.

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<https://postalexperience.com/Pos>

840-5105-0081-002-00045-03559-02

or scan this code with your mobile device:



or call 1-800-410-7420.

YOUR OPINION COUNTS

Receipt #: 840-51050081-2-4503559-2
Perk: 30

BRONXVILLE
119 PONDFIELD RD
BRONXVILLE, NY 10708-4013
359552-0144
(800)275-8777
02/21/2020 01:13 PM

Product	Qty	Unit Price	Price
PM 1-Day Flat Rate Env (Domestic) (NEW YORK, NY 10281) (Flat Rate) (Expected Delivery Day) (Saturday 02/22/2020) (USPS Tracking #) (9505 5127 1437 0052 3712 65)	1	\$7.75	\$7.75
Insurance (Up to \$50.00 included)			\$0.00
PM 2-Day Flat Rate Env (Domestic) (WASHINGTON, DC 20549) (Flat Rate) (Expected Delivery Day) (Monday 02/24/2020) (USPS Tracking #) (9505 5127 1437 0052 3712 72)	1	\$7.75	\$7.75
Insurance (Up to \$50.00 included)			\$0.00



February 21, 2020

KJM SECURITIES, INC.
48 SAGAMORE ROAD
SUITE 29
BRONXVILLE, NY 10708-1534

Re: CRD #20277

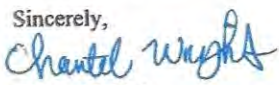
Dear Mr. Moustakas:

This certifies that we have received the below payments from your firm.

December 7, 2019 - \$1,000.00
February 20, 2020 - \$2,699.77

As of today the sufficient balance in your firm's Flex-Funding account is \$2,714.74.

Should you have any questions concerning this letter, please contact me at (240) 386-5392 or email Chantel.Wright@finra.org.

Sincerely,

Chantel Wright
Accountant
Finance – Billing Services

Resolution Date: 11/01/2019

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered:

Revocation/Expulsion/Denial

Other Sanctions Ordered:

ASSESSED A LATE FEE, AND TO PAY COSTS

Sanction Details:

PURSUANT TO FINRA RULE 9552 AND IN ACCORDANCE WITH FINRA'S NOTICE OF SUSPENSION LETTER DATED JULY 9, 2019, AND THE EXPEDITED HEARING PANEL DECISION DATED NOVEMBER 1, 2019, FOR FAILING TO FILE ITS ANNUAL AUDIT REPORT, KJM SECURITIES' IS SUSPENDED ON NOVEMBER 1, 2019, FROM FINRA MEMBERSHIP. THE FIRM IS ALSO ASSESSED A \$1,000 LATE FEE, AND ORDERED TO PAY COSTS OF \$2,699.77. THE SUSPENSION WILL CONVERT TO AN EXPULSION AT THE END OF TWO MONTHS FOLLOWING THE DATE OF THIS DECISION UNLESS KJM HAS FILED AN ANNUAL AUDIT REPORT FOR THE FISCAL YEAR ENDING MARCH 31, 2019, THAT COMPLIES WITH SECURITIES EXCHANGE ACT OF 1934 SECTION 17(E) AND EXCHANGE ACT RULE 17A-5 THEREUNDER, AND HAS PAID THE LATE FEE. THE LATE FEE AND COSTS WERE PAID IN FULL ON 2/20/2020.

Regulator Statement

ASSOCIATED CASE - EXPEDITED PROCEEDING NO. FPI190006.

ON NOVEMBER 30, 2019, KJM SECURITIES, INC. FILED AN APPLICATION FOR REVIEW WITH THE SEC REGARDING THE NOVEMBER 1, 2019, EXPEDITED HEARING PANEL DECISION. KJM SECURITIES, INC. IN ITS CONTINUED EFFORTS TO RESOLVE THE CLAIMS OF THE FINRA DEPARTMENT OF ENFORCEMENT HEREBY FILES THIS APPEAL DATED NOVEMBER 30, 2019, TO AVOID BEING EXPELLED FROM MEMBERSHIP. THE SEC ADMINISTRATIVE PROCEEDING NUMBER WILL BE DISTRIBUTED WHEN IT BECOMES AVAILABLE. THE SUSPENSION IS IN EFFECT PENDING THE OUTCOME OF THE APPEAL. ON JANUARY 1, 2020, THE TWO MONTH PERIOD EXPIRED AND THE FIRM HAS NOT SUBMITTED THE ANNUAL AUDIT REPORT, THEREFORE, THE FIRM IS EXPELLED. THE EXPULSION IS IN EFFECT PENDING THE OUTCOME OF THE APPEAL.

Disclosure 2 of 4

Reporting Source:

Regulator

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

KJM SECURITIES, INC.
(CRD No. 20277),

Respondent

Expediting Proceeding
No.FPI190006

STAR No. 20190634989

Hearing Officer- David R. Sonnenberg

**ORDER PERMITTING PARTIES TO OPPOSE OR OTHERWISE
COMMENT UPON THE HEARING OFFICER'S PROPOSAL TO TAKE
OFFICIAL NOTICE**

BACKGROUND:

KJM Securities, Inc. has engaged its PCAOB Auditors to perform its 2019 Annual Audit. The firm has provided all documentation that has been requested including but not limited to all Bank Statements, Regulatory Focus Filings, the firms General Ledger and its complete books and records. It also gave complete Authority to contact any and all institutions we do business with and to receive any and all confirmations on balances. Our auditors received all the confirmations back.

Our Auditors have been fully paid as per our engagement letter. We await our Opinion Letter which has not been received as of date.

KJM Securities, Inc. as a longstanding member of FINRA, and as a member who has filed over thirty Annual Audits since 1987 is aware of its responsibility to file its annual audit. We respectfully ask the membership on how best to remedy the situation as to avoid a suspension particularly under the circumstances as a Respondent to Enforcements case to suspend. KJM Securities, Inc. is unaware of any SEC exemptive provision exist and again we also know our responsibility to submit our annual audit to the SEC, FINRA and various States.

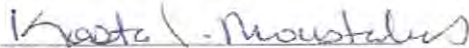
We would like to know if we should file a motion to force our auditors to furnish our Audit so that we can submit it as was agreed. Do we contact the PCAOB Membership committee if we do not receive our audit? What are our membership rights in this situation?

**ORDER PERMITTING PARTIES TO OPPOSE OR OTHERWISE COMMENT UPON
THE HEARING OFFICER'S PROPOSAL TO TAKE
OFFICIAL NOTICE**

KJM Securities, Inc. hereby opposes the Hearing Officers proposal taking official notice of the record in Regulatory Operations v. KJM Securities, Inc. expedited proceeding No. FPI180006, a 2018 FINRA expedited proceeding involving KJM Securities, Inc Respondent in the instant expedited proceeding (FPI190006).

KJM Securities, Inc.

Dated: October 10, 2019



Kosta J. Moustakas
President and CEO

Copies To: Adam H. Balin, Esq. (via email)
Matthew Minerva Esq. (via email)
Kay L. Lackey, Esq. (via email)
Jennifer R. Crawford Esq. (via email)



**Via Certified Mail (7018 1830 0002 2830 7057) and e-mail
(admin@kjmsecuritiesinc.com)**

February 19, 2020

Mr. Kosta Moustakas, CEO/CFO
KJM Securities, Inc.
48 Sagamore Road
Suite 29
Bronxville, New York 10708

RE: KJM Securities, Inc. Annual Audit Report – March 31, 2019

Dear Mr. Moustakas:

We write concerning your request to submit untimely KJM Securities, Inc.'s annual audit for its fiscal year ending March 31, 2019. You were notified in a November 1, 2019 Expedited Hearing Panel Decision that the Firm was suspended for failure to file an audited annual report as required by Securities Exchange Act Rule 17a-5, and that the suspension would convert to an expulsion after two months if the Firm failed to file a compliant audit. The Firm failed to file its audit within the time specified and it has been expelled from FINRA membership. Accordingly, FINRA will not take any action regarding the Firm's annual report.

Regards,

A handwritten signature in blue ink, appearing to read "G. Marro", with a long horizontal flourish extending to the right.

Gregory S. Marro
Senior Principal Analyst