

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

USTOCKTRADE SECURITIES, INC.  
(CRD No. 16208),

Respondent.

Expedited Proceeding  
No. FPI220001

STAR No. 20220746511

Hearing Officer–BEK

**EXPEDITED HEARING  
PANEL DECISION**

July 12, 2022

**For failing to file its audited annual report, Respondent is suspended and ordered to pay costs. The suspension will convert to an expulsion if Respondent does not file the required report within 30 days of this decision.**

*Appearances*

For the Complainant: Michael Manning, Esq., and Loyd Gattis, Esq., Department of Enforcement, Financial Industry Regulatory Authority

For the Respondent: Davina Anderson, President of Ustocktrade Securities, Inc.

**DECISION**

**I. Background**

This expedited proceeding stems from FINRA’s issuance of a Notice of Suspension (“Notice”) to broker-dealer Ustocktrade Securities, Inc. for failing to file its 2021 audited annual report as required by the Securities Exchange Act of 1934 (“Exchange Act”) and FINRA Rules. When Respondent missed its March 1, 2022, filing deadline, FINRA issued the Notice which informed Respondent that if the audited annual report was not filed by April 11, 2022, it would be suspended from FINRA membership and later expelled. The Notice also assessed a \$1,000 late fee. In response to the Notice, Respondent requested a hearing with the Office of Hearing Officers, which stayed the effectiveness of the Notice pending the outcome of the hearing.

The parties participated in a videoconference hearing before a FINRA hearing panel. At the hearing, Respondent conceded that its audited annual report was overdue, but asked

that it (1) not be suspended; and (2) be given until July 30, 2022, to complete and file its 2021 audit report.

For the reasons explained below, the Hearing Panel immediately suspends Ustocktrade's FINRA membership. If Respondent does not file the required report within 30 days of the date of this decision, the suspension will automatically convert to an expulsion.

## **II. Findings of Fact and Conclusions of Law**

### **A. Respondent's Financial Difficulties**

Respondent has been a FINRA member since 1985.<sup>1</sup> Its main office is in Newton, MA. Davina Anderson has served as Respondent's President since July 2020; she was Respondent's representative at the hearing and provided testimony on its behalf.<sup>2</sup> Anderson testified that Respondent has had some difficulties with maintaining its net capital requirements. Respondent failed to meet its minimum net capital requirement from February through March 2021, again from mid-September 2021 through the end of that month, and from the end of 2021 through the present.<sup>3</sup> It ceased its securities business on November 23, 2021. And in a move to protect its customers, Respondent transferred all customer accounts to a clearing firm on January 21, 2022.<sup>4</sup> At this time, Respondent has only two registered principals, Anderson being one of them.<sup>5</sup>

### **B. Respondent Failed to File Its Audited Annual Report**

Respondent admits that it has not filed its 2021 audited annual report which was due on March 1, 2022.<sup>6</sup> Anderson testified that Respondent retained an auditor who began the audit; however, it was unable to pay the auditor to complete the report.<sup>7</sup> Anderson also testified that Respondent expects to secure funding from its parent company by June 30, 2022, and complete its audit by the end of July 2022, but she could not assure the Panel that funding would be secured and the audited annual report completed by those dates.<sup>8</sup> Anderson stated that it was her understanding that there was "some kind of commitment" to provide the required funding, but nothing was in writing.<sup>9</sup>

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<sup>1</sup> Stipulations ("Stip.") ¶ 1; Joint Exhibits ("JX-") 1, at 5.

<sup>2</sup> Transcript ("Tr.") 20; JX-1, at 1.

<sup>3</sup> Tr. 36-37; Stip. ¶ 10.

<sup>4</sup> Tr. 12.

<sup>5</sup> Tr. 13.

<sup>6</sup> Stip. ¶¶ 4-5.

<sup>7</sup> Tr. 11-14, 19, 60.

<sup>8</sup> Tr. 12, 14-15, 19, 27-28, 62-63.

<sup>9</sup> Tr. 27-28.

**C. By Failing to File an Audited Annual Report, Respondent Violated Section 17(e) of the Exchange Act, Exchange Act Rule 17a-5, and FINRA Rule 2010**

Under Section 17(e) of the Exchange Act and Exchange Act Rule 17a-5, registered broker-dealers are required to file an annual financial report audited by an independent public accountant.<sup>10</sup> Respondent admits that it was required to file its audited annual report for 2021 by March 1, 2022, and that it failed to do so. We therefore conclude that Respondent violated Section 17(e) of the Exchange Act and Exchange Act Rule 17a-5. As a result, Respondent also violated FINRA Rule 2010.<sup>11</sup>

**III. Sanctions**

The Hearing Panel has discretion to determine appropriate sanctions in expedited proceedings. Under FINRA Rule 9559(n), it “may approve, modify or withdraw any and all sanctions, requirements, restrictions or limitations imposed by the notice and, pursuant to Rule 8310(a), may also impose any other fitting sanction.”

Enforcement seeks immediate reinstatement of the suspension with an automatic expulsion if Respondent fails to file its audited annual report within 30 days of the Panel’s decision. Enforcement also recommends a waiver of the \$1,000 late fee imposed in the Notice.<sup>12</sup> Respondent, however, seeks an extension of time until July 30, 2022, to permit it to secure funding by June 30, 2022, and complete and submit its audited annual report by July 30, 2022.<sup>13</sup>

In determining the appropriate sanction, we considered not only the arguments of the parties, but the importance of timely filing an audited annual report. To that point, the Securities and Exchange Commission (“SEC”) has described the reporting provisions as important in monitoring the financial status of broker-dealers and protecting investors.<sup>14</sup> According to the SEC, the provisions “involve fundamental safeguards imposed for the protection of the investing

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<sup>10</sup> See, e.g., *Regulatory Operations v. TMR Bayhead Sec., LLC*, Expedited Proceeding No. FPI180002, 2018 FINRA Discip. LEXIS 27, at \*4 (OHO Sept. 10, 2018) (“Section 17(e) of the Securities Exchange Act of 1934 ... and Rule 17a-5(d) thereunder require every registered broker-dealer to file annually a report audited by an independent public accountant.”), *modified*, Exchange Act Release No. 88006, 2020 SEC LEXIS 3103 (Jan. 17, 2020); *Regulatory Operations v. Fairbridge Capital Mkts.*, Expedited Proceeding No. FPI160004, 2016 FINRA Discip. LEXIS 44, at \*8 (OHO July 11, 2016) (same).

<sup>11</sup> FINRA Rule 2010 requires FINRA members to observe “high standards of commercial honor and just and equitable principles of trade.” “Failure to comply with Exchange Act Rule 17a-5 violates FINRA Rule 2010.” *TMR Bayhead Sec.*, 2018 FINRA Discip. LEXIS 27, at \*4.

<sup>12</sup> Tr. 23-24, 69-70.

<sup>13</sup> Tr. 12, 14, 61, 63-64.

<sup>14</sup> *Gremo Invs., Inc.*, Exchange Act Release No. 64481, 2011 SEC LEXIS 1695, at \*14-15 (May 12, 2011).

public on those who wish to engage in the securities business.”<sup>15</sup> “Reporting violations are therefore serious.”<sup>16</sup>

We also considered the likelihood of Respondent securing the funding necessary to meet capital requirements and pay the auditor to complete its audited annual report. Respondent admittedly has had financial difficulties, including the failure to meet net capital requirements several times in 2021 and currently.<sup>17</sup>

Respondent has ceased its securities business and has been operating on a limited budget since the end of 2021. Although Respondent had sufficient funds to retain an auditor in February 2022 and the auditor began work on the audited annual report, it currently lacks the funds to pay the auditor to complete the audited annual report. Moreover, Respondent has been seeking financing for several months, and it has been unsuccessful to date. Although Anderson asserts a belief that financing can be secured by the end of June 2022, she offers no guarantee or assurance that Respondent will succeed by that date or ever. And Respondent’s ability to submit an audited annual report is conditioned on its ability to secure funding.

Finally, we note that after Respondent ceased its securities business on November 23, 2021, it transferred all customer accounts to a clearing firm on January 21, 2022, to protect its customers.

Based on these considerations, we find it appropriate to immediately reinstate the suspension imposed by the Notice. In light of Respondent’s ongoing financial difficulties and its efforts to protect its customers, however, we do not believe the \$1,000 fine imposed by the Notice is necessary for remediation and customer protection. We therefore waive the \$1,000 fine imposed by the Notice. The suspension will convert to an automatic expulsion if Respondent does not file its audited annual report within 30 days after the date of this decision. These sanctions are appropriately remedial and designed to impress upon Respondent and others the importance of timely filing their audited annual reports and to protect the investing public by reducing the likelihood of recurrent violations.<sup>18</sup>

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<sup>15</sup> *Id.* at \*15 (quoting *Fox & Co. Inv., Inc.*, Exchange Act Release No. 52697, 2005 SEC LEXIS 2822, at \*26-27 & n.50 (Oct. 28, 2005)).

<sup>16</sup> *Id.* (citing *Troy A. Wetter*, Exchange Act Release No. 33086, 1993 SEC LEXIS 2870, at \*12 (Oct. 21, 1993) (finding applicant’s failure to timely file an audited annual report to be a serious reporting violation).

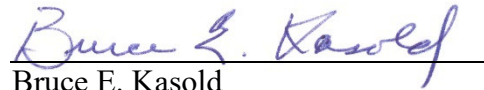
<sup>17</sup> Tr. 36-37; Stip. ¶ 10.

<sup>18</sup> *Cf. Gremo Invs., Inc.*, 2011 SEC LEXIS 1695, at \*15 (upholding sanctions imposed by the FINRA hearing panel for failure to file an annual report by a PCAOB-registered firm “because they will impress upon the Firm and others the importance of filing annual reports that are audited by PCAOB-registered firms in compliance with the federal securities laws and protect the investing public by reducing the likelihood of any recurrence of a violation.”).

#### IV. Order

For failing to file its 2021 audited annual report, in violation of Section 17(e) of the Exchange Act, Exchange Act Rule 17a-5, and FINRA Rule 2010, Ustocktrade Securities, Inc. is suspended from FINRA membership. The suspension will be effective upon the issuance of this Decision.<sup>19</sup>

The suspension will convert to an expulsion 30 days following the date of this Decision if Ustocktrade has not filed its 2021 audited annual report. If Ustocktrade files its audited annual report before it is expelled, then, pursuant to FINRA Rule 9552(f), it may file a written request for termination of the suspension on the grounds of full compliance with this Decision. We waive the \$1,000 fine imposed by the Notice. Finally, Ustocktrade is ordered to pay costs of \$1,503.56, which includes an administrative fee of \$750 and the cost of the hearing transcript. The costs shall be due as of a date established by FINRA.



Bruce E. Kasold  
Hearing Officer  
For the Hearing Panel

Copies to:

Ustocktrade Securities, Inc. c/o Davina Anderson (via email, overnight courier, and first-class mail)  
Loyd Gattis, Esq. (via email)  
Michael Manning, Esq. (via email)  
Jennifer L. Crawford, Esq. (via email)

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<sup>19</sup> The Hearing Panel has considered and rejects without discussion all other arguments of the parties.

## Deposit Account Reporting

# Deposit Accounts Activity Summary

Report Created: 07/29/2022 03:38:06 PM (ET)

Account: Operating - Checking - [REDACTED] - \* [REDACTED] - Accessible  
\$60,014.67

Date Range: 07/28/2022 to 07/29/2022

Transaction Types: All Transactions

Detail Option: Includes transaction detail

Total By Day: Includes total by day within the selected date range

### Operating - Checking - 211370529 - \*1858 - Accessible \$60,014.67

Post Date	Reference	Additional Reference	Description	Debit	Credit	Calculated Ending Balance
07/29/2022 03:38 PM (ET)			BOOK TRANSFER CREDIT REF [REDACTED] FUNDS TRANSFER FRMDEP [REDACTED] FROM		\$60,000.00	\$60,014.67
07/29/2022	Total Calculated Credits (1 item)				\$60,000.00	
07/29/2022	Totals			\$0.00	\$60,000.00	

Showing 1 - 1 of 1

**Certified Copy of Corporate Resolution of Ustocktrade Securities, Inc.  
Equity Capital Contribution**

**RESOLVED**, that Ustocktrade Securities, Inc. (the “Firm”) accepted and authorized an equity capital contribution to the Firm of \$60,000 from shareholder Ustocktrade LLC (the “Parent”) through a contribution of cash on July 29, 2022. The Firm will use this capital contribution to fund its ongoing business operations and associated expenses.

The Firm is not, in any way in receiving this contribution from the Parent, a party to a lending agreement (“loan”); has no assets, directly or indirectly, pledged to secure a loan; and is not subject to any recourse of any kind to a lender for collection of a loan.

**FURTHER RESOLVED**, that the Firm and its officers are authorized, empowered, and directed to perform all actions, and execute and deliver all documents required or desired to affect the intent of the foregoing resolution.

**In Witness Whereof**, the undersigned have executed this with the written consent of the majority of shareholders as of 7/29/2022.



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Tony Weeresinghe  
Director – Ustocktrade LLC



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Davina Anderson  
President – Ustocktrade Securities, Inc.

7/29/2022

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Date

7/29/22

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Date

July 21, 2022

Ms. Davina Anderson, President  
Ustocktrade Securities, Inc.  
275 Grove Street, Ste. 2-400  
Newton, MA 02466

Dear Ms. Anderson:

We are pleased to confirm our understanding of the nature and limitations of the services we are to provide for **Ustocktrade Securities, Inc.** (the "Company") for the year ended December 31, 2021.

### **Audit of Financial Statements**

We will audit the financial statements of the Company, which comprise the statement of financial condition as of December 31, 2021 and the related statements of operations, changes in members' equity and cash flows for the period from January 1, 2021 to December 31, 2021 (the "Period"), pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, ("SEA") and the related notes to the financial statements. Also, the following supporting schedules accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and testing the completeness and accuracy of the information, in accordance with the standards of the Public Company Accounting Oversight Board (United States)(the "PCAOB"), and our report of independent registered public accounting firm will provide an opinion on such information in relation to the financial statements as a whole:

- 1) Computation of Net Capital under SEA Rule 15c3-1;
- 2) Computation for Determination of Reserve Requirements under SEA Rule 15c3-3 (Exemption) and Information for Possession or Control Requirements under SEA Rule 15c3-3 (Exemption).

### **Review Report of the Exemption Report**

We will perform a review, in accordance with the standards of the PCAOB, of the statements (assertions) made in the Company's Exemption Report under SEA Rule 15c3-3, (the "Exemption Report") for the Period, which will be filed by management pursuant to SEA Rule 17a-5. We will issue a supplemental report which will be included in the Annual Report (the "Exemption Review Report").

### **Report of Agreed-Upon Procedures on SIPC Schedule of Assessment and Payments**

In addition, if the Company's total revenues exceed \$500,000 for the year, as required by SEA Rule 17a-5(e)(4), we will perform agreed-upon procedures regarding the General Assessment Reconciliation (Form SIPC-7) (the "SIPC Report") for the Period, which will be filed with SIPC only. Our agreed-upon procedures report will state the procedures performed by us, which were agreed to by the Company and the Securities Investor Protection Corporation (SIPC) and will be conducted in accordance with standards established by the PCAOB and in accordance with attestation standards established by the American Institute of Certified Public Accountants ("AICPA").



## **Engagement Agreement for Regulatory Notification**

We will continue to provide successive annual audits until we are notified that you wish to terminate our services. However, we will issue an engagement letter each year to address potential changes in your operations and the scope of the audit.

### **Audit Objective**

The objective of an audit of the financial statements is the expression of an opinion on the financial statements. Accordingly, the objective of our audit is the expression of an opinion about whether the Company's financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States.

### **Auditor Responsibilities**

As a public accounting firm registered with the Public Company Accounting Oversight Board (PCAOB), we 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 ("SEC") and the PCAOB. We are responsible for conducting our audit of the financial statements in accordance with the standards established by 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 caused by error or fraud. Because our audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is some risk that material misstatements of the financial statements may exist and not be detected by us. Although not absolute assurance, reasonable assurance is a high level of assurance. Also, a financial statement audit is not designed to detect error or fraud that is immaterial to the financial statements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements.

If circumstances arise in which it is necessary for us to modify the opinion in our report or to include an explanatory paragraph in our report, we will communicate the reasons for the modification or explanatory language and the revised wording of the report to management and the audit committee, or its equivalent. If for any reason we are unable to complete our audit or are unable to form, or have not formed, an opinion, we retain the right to take any course of action permitted by professional standards or regulatory requirements, including declining to express an opinion or issue a report, or withdrawing from the engagement. In that circumstance, we will notify the audit committee and management.

### **Audit Procedures**

Our audit of the financial statements will include performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Our audit of the financial statements will include tests of documentary evidence supporting the transactions recorded in the accounts, including physical examination of security certificates held by you on your premises or in a safety deposit box by a bank/custodian on your behalf, if applicable, and direct confirmation of certain assets and liabilities by correspondence with selected customers, creditors, and if applicable, financial institutions. The audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. In connection with our audit of the financial statements, we will obtain an understanding of internal control sufficient to plan the audit and to determine the nature,

timing, and extent of audit procedures to be performed; however, an audit of the financial statements is not designed to provide assurance on internal control or to identify internal control deficiencies.

Our audit of the financial statements will also include reading the other information in the Company's Annual Report and considering whether other information in the Annual Report (including the manner of its presentation) is materially inconsistent with information in the financial statements. However, our audit will not include procedures to corroborate such other information. We are also required to read any document, including the Annual Report to members and filings with the SEC, that contains or incorporates by reference our audit or other reports, or contains any reference to us.

### **Review of Exemption Report**

In conjunction with the annual audit, we will also perform a review of the statements (assertions) made in the Company's Exemption Report under SEA Rule 15c3-3, for the Period, which will be filed by management pursuant to SEA Rule 17a-5. Our review will be conducted in accordance with the PCAOB Attestation Std. No. 2, *Review Engagements Regarding Exemption Reports of Brokers and Dealers*, the objective of which is to state, based on the results of our review procedures, whether we are aware of any material modifications that should be made to management's statements (assertions) presented in the Exemption Report for it to be fairly stated, in all material respects. 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 will not express such an opinion.

A review of the Company's Exemption Report consists principally of making inquiries of individuals knowledgeable of matters relevant to the Company's compliance with the exemption provisions of SEA Rule 15c3-3 and other review procedures considered necessary.

A review does not contemplate tests of accounting records or internal controls, tests of responses to inquiries by obtaining corroborating evidence, or performing certain other procedures ordinarily performed in the audit. Thus, a review does not provide assurance that we will become aware of all significant matters that would be identified in an audit and cannot be relied on to detect errors, fraud, or illegal acts. Furthermore, given the limited nature of review procedures, we may not become aware of all matters that might affect judgments about qualitative aspects of the Company's accounting policies and procedures. Also, a review is not designed to provide assurance on internal control or to identify material weaknesses or significant deficiencies in internal control.

If, for any reason, we are unable to complete our review or are unable to obtain or have not obtained limited assurance regarding the Company's assertions, we will withdraw from the engagement or modify our review report.

### **Agreed-upon Procedures—SIPC Assessment Reconciliation**

In conjunction with our annual audit, in accordance with SEA Rule 17a-5(e)(4) and with the SIPC Series 600 Rules, if applicable we will also apply agreed-upon procedures with respect to the Company's General Assessment Reconciliation (Form SIPC-7) for the Period. Such procedures, which were agreed to by the Company and SIPC are as follows:

- 1) Compare the listed assessment payments in Form SIPC-7 with respective disbursement record entries;
- 2) Compare the Total Revenue amounts reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2021, as applicable, with the Total Revenue amount reported in Form SIPC-7 for the year ended December 31, 2021;
- 3) Compare any adjustments reported in Form SIPC-7 with supporting schedules and workpapers;

- 4) Recalculate the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and workpapers supporting the adjustments; and
- 5) Compare the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed (if applicable).

Our engagement to apply agreed-upon procedures is solely to assist in you and SIPC in evaluating your compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Our engagement will be conducted in accordance with attestation standards established by the PCAOB and attestation standards established by the AICPA. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described above, either for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report or will not issue a report as a result of this engagement.

Because the agreed-upon procedures described above do not constitute an examination or review, we will not express an opinion or conclusion, respectively, on your compliance with the applicable instructions of Form SIPC-7. In addition, we have no obligation to perform any procedures related to this engagement beyond those listed above.

We will submit a report listing the procedures performed and our findings. This report is intended solely for the use of the Company and SIPC, and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

You are responsible for the presentation of the Company's General Assessment Reconciliation (Form SIPC-7) in accordance with the applicable Form SIPC-7 instructions and for selecting the criteria and procedures based on the SIPC Series 600 Rules and determining that such criteria and procedures are appropriate for your purposes.

At the conclusion of our engagement, we will require a representation letter from the Company that, among other things, will confirm management's responsibility for the Company's compliance with the applicable instructions of the Form SIPC-7.

#### **Auditor Responsibility to Communicate with Those Charged with Governance and Management**

We will communicate to the Members, Controller, Chief Compliance Officer and the General Counsel (together defined as Those Charged with Governance, ("TCWG") and Management of the Company or the "Managers") , as appropriate, any errors, fraud, or other illegal acts (unless clearly inconsequential) that come to our attention during our audit. In the case of illegal acts that, in our judgment, would have a material effect on the financial statements, we are also required to follow procedures set forth in the Private Securities Litigation Reform Act of 1995 and in Section 10A of the Securities Exchange Act of 1934, which, under certain circumstances, requires us to communicate our conclusions to the SEC. While the objective of our audit of the financial statements is not to report on the Company's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the financial statements, we will communicate in writing to the Managers all material weaknesses and significant deficiencies relating to internal control over financial reporting identified while performing our audit. We will also communicate in writing to the Managers all deficiencies in internal control over financial reporting that are of a lesser magnitude than significant deficiencies not previously communicated in writing by us or by others, including the Company's internal auditors.

We are also responsible for communicating with TCWG about certain other matters related to our audit, including:

- 1) Our audit responsibilities under PCAOB standards;
- 2) Information relating to our independence with respect to the Company;
- 3) An overview of our overall audit strategy, timing of the audit, and significant risks identified during our risk assessment procedures;
- 4) Management's initial selection of, or changes in, significant accounting policies or the application of such policies, and the effect on the Company's financial statements or disclosures of significant accounting policies in controversial areas or areas for which there is a lack of authoritative guidance or consensus or diversity in practice;
- 5) The Company's critical accounting policies and practices, including the reasons certain policies and practices are considered critical and how current and anticipated future events might affect the determination of whether certain policies and practices are considered critical;
- 6) A description of the process management used to develop critical accounting estimates, management's significant assumptions used in critical accounting estimates that have a high degree of subjectivity, and any significant changes management made to the process used to develop critical accounting estimates or management's significant assumptions, including a description of management's reasons for the changes and the effects of the changes on the financial statements;
- 7) Significant transactions outside of the normal course of the Company's business or that otherwise appear to be unusual due to their nature, timing, or size, along with the policies and practices used to account for significant unusual transactions, and our understanding of the business rationale for significant unusual transactions;
- 8) Our evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties;
- 9) Our evaluation of the quality of the Company's financial reporting;
- 10) Corrected misstatements arising from our audit and the implications that such corrected misstatements might have on the Company's financial reporting process;
- 11) Uncorrected misstatements aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate;
- 12) If applicable, our evaluation of the Company's ability to continue as a going concern;
- 13) Difficult or contentious issues about which we consulted with others and that we believe are relevant to the Managers' oversight of the financial reporting process;
- 14) Disagreements with management about matters, whether or not satisfactorily resolved, that could be significant to the Company's financial statements or our report;
- 15) Any concerns we may have related to significant auditing or accounting matters about which management has consulted with other accountants;
- 16) Any issues discussed with management prior to our retention, including significant discussions regarding the application of accounting principles and auditing standards;
- 17) Any significant difficulties encountered in performing the audit; and
- 18) Other matters required to be communicated by PCAOB standards or that are significant to the oversight of the Company's financial reporting process.

Furthermore, we are responsible for providing a copy of the management representation letter to TCWG if management has not done so, and for communicating to TCWG other material written communications between the auditor and management.

In connection with our review of the Company's Exemption Report, we will communicate to management any exceptions to the exemption provisions we identified that cause the Company's assertions not to be fairly stated, in all material respects. In addition, if we note any noncompliance with the financial responsibility rules during our audit or review (regardless of materiality), we will

immediately notify the Company's Chief Financial Officer. The Company will then be required to notify the SEC and its Designated Examining Authority (DEA) within 24 hours of our notification and provide us with supporting documentation of such communication.

## **Management Responsibilities**

Management is responsible for the fair presentation of the Company's financial statements (including disclosures) in accordance with accounting principles generally accepted in the United States, for the selection and application of accounting principles, for making all financial records (including names of related parties and related-party relationships and transactions) and relevant information available to us on a timely basis, and for the accuracy and completeness of that information. Management also agrees that we will have unrestricted access to persons within the Company from whom we determine it necessary to obtain audit evidence and the full cooperation of Company personnel.

Management also is responsible for adjusting the financial statements to correct material misstatements relating to accounts or disclosures and affirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud and for identifying and ensuring that the Company complies with applicable laws and regulations, and for informing us of any known material violations of such laws and regulations that would have an effect that is material to financial statement amounts or disclosures.

Management is responsible for establishing and maintaining effective internal control over financial reporting, including monitoring activities; notifying us of all deficiencies in the design or operation of internal control over financial reporting of which it has knowledge; and describing to us any fraud resulting in a material misstatement of the financial statements and any other fraud involving senior management or employees who have a significant role in the Company's internal control.

Management is also responsible for establishing and maintaining internal control over the safeguarding of Company securities and for the practices and procedures relevant to the objectives stated in SEA Rule 17a-5(g), including making periodic computations of aggregated indebtedness (or aggregate debits) and net capital under SEA Rule 17a-3(a)(11) and for maintaining compliance with the applicable exemptive provisions of SEA Rule 15c3-3.

Management is responsible for the preparation of the supporting schedules in conformity with SEA Rule 17a-5.

Our report of Independent Registered Public Accounting Firm on the Company's financial statements includes an opinion on whether "the supporting schedules are fairly stated, in all material respects, in relation to the financial statements as a whole". Therefore, there cannot be a separate audit report on the supporting schedules. Accordingly, Management also agrees to include the audited financial statements with any presentation of the supplemental information that includes our report thereon.

In addition, management is responsible for the presentation of the evaluation of the SIPC Assessment Reconciliation in accordance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7); for selecting the criteria; and for determining that such criteria are appropriate for your purposes.

At the conclusion of our audit and review engagements and our agreed-upon procedures engagement, you agree to provide us with letters that confirm certain representations made by management during our audit of the Company's financial statements, the review of the Company's Exemption Report,

certain representations related to the Company's compliance with Form SIPC-7 instructions, and related matters.

The Company's management is responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee any non-attest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

### **Website Responsibilities**

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

### **Non-reliance on Oral Advice**

It is our policy to put all advice on which a client intends to rely in writing. We believe that is necessary to avoid confusion and to make clear the specific nature and limitations of our advice. You should not rely on any advice that has not been put in writing by our firm after a full supervisory review.

### **Electronic and Other Communication**

During the course of the engagement, we may communicate with you or with Company personnel via fax or e-mail. You should be aware that communication in those media may be unsafe to use and contains a risk of misdirection and/or interception by unintended third parties, or failed delivery or receipt. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of e-mail or other electronic transmissions, including any consequential, incidental, direct, indirect or special damages.

### **Assignment**

This Agreement shall not be assigned by either party hereto without the prior express written consent of the other party.

### **Consent to Jurisdiction**

The parties hereto agree that any action or proceeding arising directly, indirectly, or otherwise in connection with, out of, related to, or from this Agreement, any breach hereof, or any transaction covered hereby, shall be resolved within the State of New York, and the parties hereby submit to the jurisdiction of the courts and applicable arbitral body located within the State of New York.

The parties further agree that any such action or proceeding brought by either party to enforce any right, assert any claim, or obtain any relief whatsoever in connection with this Agreement shall be brought by such party exclusively in the federal or state courts, or if appropriate before any applicable arbitral body, located within the State of New York.

### **Survival**

The provisions of this Agreement shall survive the termination hereof with respect to any matter arising while this Agreement shall be in effect.

**Non-Solicitation**

Management agrees to comply with the cooling-off period required by the SEC before it can solicit or hire engagement team members for certain positions involving a financial reporting oversight role. Accordingly, the Company will neither employ, nor make any employment offer to employ, engagement team members so long as we are the Company’s auditors and continuing for one year after the date on which the Company files its Annual Report containing the audited financial statements referred to in this letter.

**Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

**No Third Party Beneficiaries / Agents**

This Agreement is not intended to and shall not convey any rights to persons not a party to this Agreement. Nothing contained in this Agreement shall be construed to make either party an agent or employee of the other. Nothing contained in this Agreement shall be construed to create any type of partnership or similar business relationship or entity between the parties.

**Employment of firm partner or professional employee**

The Company acknowledges that hiring current or former PKF O’Connor Davies personnel participating in the engagement may be perceived as compromising our objectivity, and depending on the applicable professional standards, impairing our independence in certain circumstances. Accordingly, prior to entering into any employment discussions, with such known individuals, you agree to discuss the potential employment, including any applicable independence ramifications, with the engagement partner responsible for the services.

In addition, during the term of this Engagement Letter and for a period of one (1) year after the services are completed, we both agree not to solicit, directly or indirectly, or hire the other’s personnel participating in the engagement without express written consent. If this provision is violated, the violating party will pay the other party a fee equal to the hired person’s annual salary in effect at the time of the violation to reimburse the estimated costs of hiring and training replacement personnel.

**Engagement Administration, Fees, and Other**

Harley Aronoff is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We understand that the Company’s employees, and/or service providers, will prepare all cash, customers, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

We estimate that our fees for these services will be:

Services	Fees
Audit of Financial Statements and Supporting Schedules, the Review of the Exemption Report, and the Form SIPC-7	\$ 60,000

The Company will also be billed for out-of-pocket costs. The fee estimate and completion of our work is based on anticipated cooperation from Company personnel; timely responses to our inquiries; timely communication of all significant accounting and financial matters; and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is

necessary, we will keep Company management informed of any problems we encounter and our fees will be adjusted accordingly. An initial retainer of one-third (1/3) of the estimated fees will be billed before the commencement of our procedures, and progress billings will be submitted periodically and will be payable upon presentation.

Any additional services that may be requested and we agree to provide, will be the subject of separate arrangements.

The audit documentation for this engagement is the property of our firm and constitutes confidential information. However, we may be requested to make certain audit documentation available to the PCAOB, SEC, or other regulators pursuant to the authority given to them by law or regulation. If requested, access to such audit documentation will be provided under the supervision of firm personnel. Further, upon request, we may provide copies of selected audit documentation to the regulator. The regulator may intend, or decide, to distribute the copies or information contained therein to others, including other government agencies. We agree to communicate with you on a timely basis any requests by the PCAOB for access to audit documentation as part of its inspection process and when it desires direct contact with members of the audit committee.


All rights and obligations set forth herein shall become the rights and obligations of any successor firm to PKF O'Connor Davies, LLP by way of merger, acquisition or otherwise.

We appreciate the opportunity to be of service and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

*PKF O'Connor Davies, LLP*

This letter correctly sets forth the understanding of **Ustocktrade Securities, Inc.:**

BY:   
TITLE: President  
DATE: 7/28/22

PKF O'Connor Davies, LLP is a member of PKF International Limited network of legally independent firms and does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.