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

MAR 06 2017

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Washington DC  
406

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/16 AND ENDING 12/31/16  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Mercury Securities, LLC

| OFFICIAL USE ONLY |
|-------------------|
| FIRM I.D. NO.     |

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

1299 Fourth Street, Suite 200

(No. and Street)

San Rafael

CA

94901

(City)

(State)

(Zip Code)

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

Maia McGehee

415-454-4184

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Bryant A. Gaudette, Inc.

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

21320 Provincial Blvd., #100

Katy

TX

77450

(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)

SEC 1410 (06-02)

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, Maia McGehee, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Mercury Securities, LLC, as of December, 2016, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
Signature  
Managing Member  
Title

[Signature]  
Notary Public



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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\* For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**Mercury Securities. LLC**  
**Financial Statements and Supplemental Schedules**  
**Required by the U.S. Securities and Exchange Commission**  
**Including Independent Auditor's Report Thereon**  
**For the Year-Ended December 31, 2016**

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# BRYANT A. GAUDETTE, CPA

## INDEPENDENT AUDITOR'S REPORT

### **To the Managers and/or Directors**

**Mercury Securities, LLC  
1299 Fourth Street  
Suite 200  
San Rafael CA 94901**

### **Report on the Financial Statements**

I have audited the accompanying financial statements of **Mercury Securities, LLC** (the "Company") which comprise the statement of financial condition as of **December 31, 2016**, and the related statements of operations and other comprehensive income, changes in stockholders' equity and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities and Exchange Act of 1934, and the related notes to the financial statements and supplemental information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

# BRYANT A. GAUDETTE, CPA

## **Opinion**

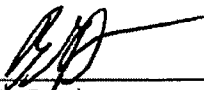
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mercury Securities, LLC as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

The audit was conducted to form an opinion on the financial statements as a whole. The supplementary information contained in the supplemental schedules required by Rule 17a-5 under the Securities Exchange Act of 1934, including the Computation of Net Capital under Rule 15c-3, Computation for Determination of Reserve Requirements and information relating to Possession or Control Requirements Under 15c3-3, is presented for additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the 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 other additional procedures to test the completeness and accuracy of the supplemental information presented. In forming my opinion on the supplemental information, I evaluated whether the supplemental information, in form and content, is presented in conformity with Rule 17a-5 of the Securities Exchange Act of 1934 and in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **BRYANT A. GAUDETTE, INC.**



---

Bryant A. Gaudette  
21320 Provincial Blvd. #100  
Katy, TX 77450  
bgaudette@aol.com

Katy, TX

[February 24, 2017]

**Mercury Securities, LLC**  
**Financial Statements**  
**Statement of Financial Condition**  
As of and for the Year-Ended December 31, 2016

Assets

Current Assets

|                             |               |
|-----------------------------|---------------|
| Cash in Bank                | \$ 7,255      |
| Accounts Receivable         | 8,301         |
| <b>Total Current Assets</b> | <b>15,556</b> |

Liabilities and Equity

|                                       |                  |
|---------------------------------------|------------------|
| Liabilities                           |                  |
| Accounts payable                      | 9,350            |
| <b>Total Members Equity</b>           | <b>\$ 6,206</b>  |
| <b>Total Liabilities &amp; Equity</b> | <b>\$ 15,556</b> |

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

**Mercury Securities, LLC**  
**Financial Statements**  
**Statement of Operations**  
As of and for the Year-Ended December 31, 2016

|                            |                   |
|----------------------------|-------------------|
| Revenues                   |                   |
| Fee Income                 | \$ 26,370         |
| Insurance Fees/Trails      | 56                |
| Fee reimbursement          | <u>77</u>         |
| Total Revenue              | \$26,467          |
| Expenses                   |                   |
| Commissions                | 23,274            |
| Fees & Licenses            | 3,645             |
| Professional Fees          | 7,271             |
| General and Administration | <u>5,563</u>      |
| Total Expenses             | \$ 39,753         |
| Net Income                 | <u>(\$13,286)</u> |

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

**Mercury Securities, LLC**  
**Financial Statements**



**Statement of Cash Flows**  
As of and for the Year-Ended December 31, 2016

Operating Activities

|  |              |
|--|--------------|
| Net income                                   | \$ (16,261)  |
| Accounts Receivable                          | 8,301        |
| Accounts Payable                             | <u>9,351</u> |
| Prior period adjustment to retained earnings |              |
| Net cash provided by operating activities    |              |

Financing Activities

|   |            |
|---|------------|
| Net cash provided by financing activities | \$ (2,453) |
|---|------------|

|                                 |                        |
|---------------------------------|------------------------|
| Net cash at beginning of period | \$ 9,708               |
| Cash at end of period           | <u><u>\$ 7,255</u></u> |

The accompanying notes are an integral part of these financial statements

**Mercury Securities, LLC**  
**Financial Statements**  
**Statement of Changes in Ownership Equity**  
As of and for the Year-Ended December 31, 2016

|                              |                        |
|------------------------------|------------------------|
| Balance at December 31, 2015 | \$ 9,708               |
| Net income                   | <u>(2453)</u>          |
| Balance at December 31, 2015 | <u><u>\$ 7,255</u></u> |

The accompanying notes are an integral part of these financial statement  
**Mercury Securities, LLC**

**Notes to Financial Statements**  
As of and for the Year-Ended December 31, 2016

**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

*Accounting principles followed by Mercury Securities, LLC (the Company) and the methods of applying those principles which materially affect the determination of financial position, results of operation and cash flows are summarized below:*

*Organization*

*Mercury Securities, LLC (the "Company") was formed as a limited liability company in the State of California on March 14, 2005. The Company is registered as a broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company earns commissions from the sales of mutual fund shares, variable annuities and introduction fees. The Company operates under the exempted provisions of the Securities and Exchange Commission's Rule 15c3-3(k)(1).*

*Description of Business*

*The Company is engaged in business as a securities broker-dealer for private placements of securities, acting as a placement agent and as an intermediary between buyers and sellers of private equity funds in the secondary market.*

*Basis of Accounting*

*The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.*

*Cash and Cash Equivalents*

*The Company considers as cash all short term investments with an original maturity of three months or less to be cash equivalents.*

*Accounts Receivable - Recognition of Bad Debt*

*The Corporation considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible they will be charged to operations when that determination is made.*

*Revenue Recognition*

*Commission revenues are recorded by the Company when service is rendered or remuneration earned.*

### *Concentration of Credit Risk*

*Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. All of the Company's cash and cash equivalents are held at high credit quality financial institutions.*

### *Fair Value of Financial Instruments*

*Financial instruments that are subject to fair value disclosure requirements are carried in the financial statements at an amount that approximates fair value and include cash and cash equivalents. Fair values are based on quoted market prices and assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of perceived risk.*

### *Comprehensive Income*

*Statement of Financial Accounting Standards (SFAS) No. 130, Reporting Comprehensive Income, establishes requirements for disclosure of comprehensive income that includes certain items previously not included in the statement of income, including unrealized gains and losses on available-for-sales securities and foreign currency translation adjustment among others. During the year ended December 31, 2014, the Company did not have any components of comprehensive income to report.*

### *Estimates*

*The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.*

### *Concentrations*

*The company has revenue concentrations; the firm specializes in the of mutual funds and/or variable annuities, private placements of securities, acting as a placement agent and as an intermediary between buyers and sellers of private equity funds in the secondary market.*

### **NOTE B - COMMITMENTS AND CONTINGENCIES**

*Mercury Securities, LLC does not have and never had any commitments, guarantees, or contingencies (arbitrations, lawsuits, claims, etc.) that may result in a loss or future obligation or that may be asserted against the firm at a future date.*

**NOTE C - SUBSEQUENT EVENTS**

*The Company has evaluated events subsequent to the date of these financial statements for items requiring recording or disclosure in these financial statements. The evaluation was performed through February 24, 2016, which is the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.*

**Mercury Securities LLC**  
**Supplementary Schedules Pursuant to SEA Rule 17a-5**  
**Of the Securities and Exchange Act of 1934**  
As of and for the Year-Ended December 31, 2016

Computation of Net Capital

|                       |          |
|-----------------------|----------|
| Stockholder's Equity  | \$ 6,231 |
| Non-allowable assets  | (8,301)  |
| Allowable add back    | 8,301    |
| Net allowable capital | 6,206    |

Computation of Net Capital Requirement

|   |         |
|---|---------|
| Minimum Dollar Net capital required as percentage of aggregate indebtedness | \$ 624  |
| Minimum dollar net capital requirement                                      | \$5,000 |
| Net capital requirement   | \$5,000 |
| Excess net capital  | \$1,206 |

Computation of Aggregate Indebtedness

|   |         |
|---|---------|
| Total aggregate indebtedness                        | \$9,350 |
| Percentage of aggregate indebtedness to net capital | 150.66% |

Computation of Reconciliation of Net Capital

|   |         |
|---|---------|
| Net capital computed on FOCUS IIA as of December 31, 2015 | \$6,206 |
| Adjustments   |         |
| Increase (Decrease) in equity                             | -       |
| (Increase) Decrease in non-allowable assets               | -       |
| (Increase) Decrease in Securities Haircuts                | -       |
| Net Capital per audit                                     | \$6,206 |
| Reconciled difference                                     |         |

**Mercury Securities, LLC**  
**Supplementary Schedules Pursuant to SEA Rule 17a-5**  
**Of the Securities and Exchange Act of 1934**  
As of and for the Year-Ended December 31, 2016

**Statement Related to Uniform Net Capital Rule**

The Company is a member of the FINRA and is subject to the SEC Uniform Net Capital Rule 15c3-1. This rule requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 1500% (15:1), or, during its first year of operations, 800% (8:1). Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2015 the Company had net capital of \$ 6,206 which was \$ 1,206 in excess of its required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital was 150 %. The Company has elected to use the basic computation method, as is permitted by the rule, which requires that the Company maintain minimum Net Capital pursuant to a fixed dollar amount or 6-2/3% percent of total aggregate indebtedness, as defined, whichever is greater, and does not, therefore, calculate its net capital requirement under the alternative reserve requirement method. There were no material differences reported as Net Capital in the audited computation of Net Capital and the broker- dealer's corresponding unaudited Part IIA of the FOCUS report required under Rule 15c3-1.

**Statement Related to Exemptive Provision (Possession and Control)**

The Company does not have possession or control of customer's funds or securities. There were no material inadequacies in the procedures followed in adhering to the exemptive provisions of SEA Rule

15c3-3(k)((1); Limited business (mutual funds and/or variable annuities only)

**Statement Related to Material Inadequacies**

This audit did not disclose any material inadequacies since the previous audit of the financial statements contained within the audit report of the Computation of Minimum Net Capital Requirement as reported in the Supplemental Schedules contained within the audit report or the filed Financial and Operational Combined Uniform Single Report filed pursuant to SEA Rule 15c3-1. The firm is exempt from 15c3-3; it does not maintain customer funds or securities and, therefore, does not maintain customer funds to segregate nor does it maintain separate accounts for customers.

**Statement Related to SIPC Reconciliation**

SEA Rule 17a-5(e)(4) requires a registered broker-dealer to file a supplemental report that includes procedures related to the broker-dealers SIPC annual general assessment reconciliation or exclusion from membership forms. In circumstances where the broker-dealer reports \$500,000 or less in gross revenue they are not required to file the supplemental SIPC report. The Company is exempt from filing the supplemental report under SEA Rule 17a-5(e)(4) because it is reporting less than \$500,000 in gross revenue

**Mercury Securities, LLC**  
**Supplementary Schedules Pursuant to SEA Rule 17a-5**  
**Of the Securities and Exchange Act of 1934**  
As of and for the Year-Ended December 31, 2015

**Exemption Report Pursuant to SEA Rule 17a-5(d)(1)(i)(B)(2)**



# mercury securities, LLC

MEMBER FINRA  
1299 FOURTH STREET, SUITE 200  
SAN RAFAEL, CALIFORNIA  
94901  
415+454+4184  
FAX: 415+454+4195

February 9, 2017

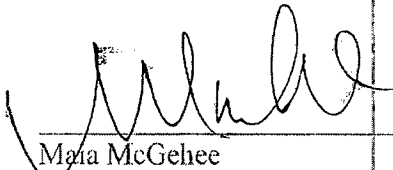
Bryant A. Gaudette  
21320 Provincial Blvd., Suite 200  
Katy, TX 77450

Re: Exemption Report Pursuant to SEA Rule 17a-5(d)(1)(i)(B)(2)

To the best knowledge and belief, Mercury Securities LLC,

1. Claims exemption 15c3-3(k)(i) from 15c3-3;
2. We have met the identified exemption from January 1, 2016 through December 31, 2016, without exception, unless, noted in number 3, below;
3. We have no exceptions to report this fiscal year.

Regards,



Maria McGehee  
Managing Member  
Mercury Securities LLC

2/9/17  
Date

# BRYANT A. GAUDETTE, CPA

## EXEMPTION REVIEW REPORT


15c3-3 (k)(2)(i)

Maia McGehee  
Mercury Securities, LLC  
1299 Fourth Street  
Suite 200  
San Rafael CA 94901

Dear Maia McGehee:

We have reviewed management's statements, included in the accompanying Representation Letter of Exemptions, in which Mercury Securities, LLC identified the following provisions of 17 C.F.R. § 15c3-3(k) under which Mercury Securities, LLC claimed an exemption from 17 C.F.R. § 240.15c3-3. Mercury Securities, LLC stated that it has met the identified exemption provisions of 15c3-3 (k)(2)(i) throughout the most recent fiscal year without exception. Mercury Securities, LLC'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 Mercury Securities, LLC'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 my review, I am 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 Rule 15c3-3 under the Securities Exchange Act of 1934.

**BRYANT A. GAUDETTE, INC.**

  
\_\_\_\_\_  
Bryant A. Gaudette  
21320 Provincial Blvd. #100  
Katy, TX 77450  
bgaudette@aol.com

Katy, Texas  
[February 24, 2017]