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ANNUAL AUDITED REPORT
FORM X-17A-5

| SEC FILE NUMBER |
|-----------------|
| 10367 |

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PART III MAR 01 2017

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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

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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Morton Seidel & Company, Inc.

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

8730 Wilshire Blvd., Suite 530

(No. and Street)

Beverly Hills, CA 90211-2708
(City) (State) (Zip Code)

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

Thomas N. Tone, C.P.A. (805) 496-5474
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Tone, Walling & Kissinger, Certified Public Accountants
(Name - if individual, state last, first, middle name)

100 E. Thousand Oaks Bl. #257, Thousand Oaks, CA 91360
(Address) (City) (State) (Zip Code)

CHECK ONE:

| FOR OFFICIAL USE ONLY |
|-----------------------|
|-----------------------|

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

MORTON SEIDEL & COMPANY, INC.
BEVERLY HILLS, CALIFORNIA

FINANCIAL STATEMENTS, FORM X-17A-5, PART III,
SUPPLEMENTARY INFORMATION
AND
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

DECEMBER 31, 2016

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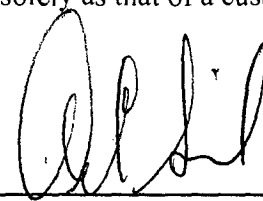
* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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

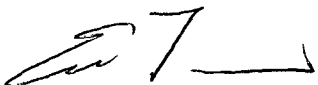
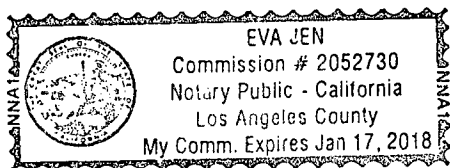
I, Arnold Seidel, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Morton Seidel & Company, Inc., as of December 31, 2016, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer.



Signature

Chairman of the Board

Title



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 Cash Flows.
- (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).

TONE, WALLING & KISSINGER
CERTIFIED PUBLIC ACCOUNTANTS
ON THE WEB @TWMCPA.COM

100 E THOUSAND OAKS BLVD., SUITE 257, THOUSAND OAKS, CA 91360 PH (805)496-5474 FAX (805)495-1852

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

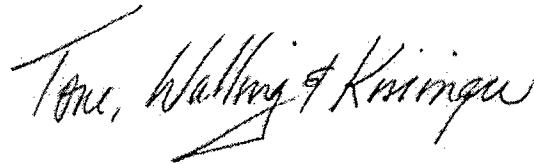
To the Board of Directors and Shareholders
of Morton Seidel & Company, Inc.

We have audited the accompanying statement of financial condition of Morton Seidel & Company, Inc. as of December 31, 2016, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of Morton Seidel & Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Morton Seidel & Company, Inc. 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.

The computation of net capital and aggregate indebtedness under rule 15c3-1 of the Securities and Exchange Commission, computation of reserve requirements pursuant to rule 15c3-3, and information relating to possession or control requirements appearing on page 11 has been subjected to audit procedures performed in conjunction with the audit of Morton Seidel & Company, Inc.'s financial statements. The supplemental information is the responsibility of Morton Seidel & Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplemental information presented on page 11 is fairly stated, in all material respects, in relation to the financial statements as a whole.



February 20, 2017

MORTON SEIDEL & COMPANY, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2016

ASSETS

| | |
|---|--------------------------|
| Cash and cash equivalents | \$ 387,522 |
| Fixed assets, net of accumulated depreciation of \$92,821 | 47,587 |
| Deposit and other assets | <u>6,759</u> |
| Total Assets | <u>\$ 441,868</u> |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | |
|--|--------------------------|
| LIABILITIES, Accounts payable | <u>\$ 511</u> |
| STOCKHOLDERS' EQUITY | |
| Common Stock, \$100 par value, 2,000 shares authorized, 500 issued and outstanding | 50,000 |
| Paid-in capital | 17,452 |
| Retained earnings | <u>373,905</u> |
| Total Equity | <u>441,357</u> |
| Total Liabilities and Equity | <u>\$ 441,868</u> |

See accompanying notes to the financial statements.

TONE, WALLING & KISSINGER
CERTIFIED PUBLIC ACCOUNTANTS
ON THE WEB @TWMCPA.COM

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

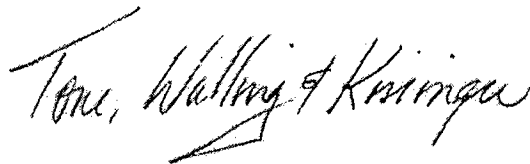
To the Board of Directors and Shareholders
of Morton Seidel & Company, Inc.

We have audited the accompanying statement of financial condition of Morton Seidel & Company, Inc. as of December 31, 2016, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of Morton Seidel & Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Morton Seidel & Company, Inc 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.

The computation of net capital and aggregate indebtedness under rule 15c3-1 of the Securities and Exchange Commission, computation of reserve requirements pursuant to rule 15c3-3, and information relating to possession or control requirements appearing on page 11 has been subjected to audit procedures performed in conjunction with the audit of Morton Seidel & Company, Inc's financial statements. The supplemental information is the responsibility of Morton Seidel & Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplemental information presented on page 11 is fairly stated, in all material respects, in relation to the financial statements as a whole.



February 20, 2017

MORTON SEIDEL & COMPANY, INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

| | |
|--|--------------------------|
| COMMISSION REVENUES | <u>\$ 355,145</u> |
| | |
| EXPENSES | |
| Clerical and administrative compensation | 98,905 |
| Other operating expenses | 46,591 |
| Officers' compensation | 85,000 |
| Occupancy expenses | 52,019 |
| Clearing expenses | 22,285 |
| Employee benefits | 29,026 |
| Taxes, other than income taxes | 16,903 |
| Communication expenses | 13,829 |
| Regulatory expenses | <u>3,908</u> |
| Total expenses | <u>368,466</u> |
| (LOSS) FROM OPERATIONS | (13,321) |
| | |
| OTHER INCOME, Interest | <u>1,405</u> |
| | |
| (LOSS) BEFORE PROVISION FOR INCOME TAXES | <u>(11,916)</u> |
| | |
| CREDIT PROVISION FOR INCOME TAXES | |
| Federal, current | (3,276) |
| State, current | <u>(89)</u> |
| | <u>(3,365)</u> |
| (LOSS) | <u><u>\$ (8,551)</u></u> |

See accompanying notes to the financial statements.

MORTON SEIDEL & COMPANY, INC.
STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Common stock</u> | | <u>Paid-in Capital</u> | <u>Retained Earnings</u> | <u>Total</u> |
|-----------------------------|---------------------|------------------|----------------------------|------------------------------|-------------------|
| | <u>Shares</u> | <u>Amount</u> | | | |
| BALANCE - JANUARY 1, 2016 | 500 | \$ 50,000 | \$ 17,452 | \$ 382,456 | \$ 449,908 |
| (Loss) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(8,551)</u> | <u>(8,551)</u> |
| BALANCE - DECEMBER 31, 2016 | <u>500</u> | <u>\$ 50,000</u> | <u>\$ 17,452</u> | <u>\$ 373,905</u> | <u>\$ 441,357</u> |

See accompanying notes to financial statements.

MORTON SEIDEL & COMPANY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

| | |
|--|--------------------------|
| OPERATING ACTIVITIES | |
| (Loss) | \$ (8,551) |
| Adjustments to reconcile loss to net cash provided by operating activities - | |
| Depreciation | 6,870 |
| Decrease in income taxes payable | (15,639) |
| (Loss) on sale of fixed assets included in other operating expenses | <u>1,344</u> |
| NET CASH USED IN OPERATING ACTIVITIES | <u>(15,976)</u> |
| INVESTING ACTIVITIES | |
| Proceeds from sale of fixed assets | 6,000 |
| Purchase of fixed assets | (48,355) |
| Increase in other assets | <u>(3,478)</u> |
| NET CASH USED IN INVESTING ACTIVITIES | <u>(45,833)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (61,809) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>449,331</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u><u>\$ 387,522</u></u> |

See accompanying notes to financial statements.

MORTON SEIDEL & COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Description of Business, Risks and Exposures

The Company processes broker-dealer transactions on a fully-disclosed basis. Possible operational risks may arise in the incorrect processing of a customer's transactions. The Company's management has in place the proper operational controls to mitigate these risks.

While customer accounts are protected by an insurance policy at the clearing firm, in the unlikely event of the failure of the clearing organization, the Company has a credit risk to the extent there is any money due from the clearing firm. Presently there is no concentration of business from anyone customer or group of related customers significant enough to negatively impact the Company should anyone event, such as the loss of one customer, occur.

Basis of Presentation

The financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Recognition of Revenue and Expenses

The Company, incorporated in California and a member of the Financial Industry Regulatory Authority ("FINRA"), uses the settlement date for revenue and expense recognition of commissions, which did not materially differ from a trade date basis.

Fixed Assets and Depreciation

Fixed assets, primarily furniture, computer equipment and automobiles, are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over an estimated useful life of the asset from five to seven years.

MORTON SEIDEL & COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company is classified as a C corporation under the Internal Revenue Code. Income taxes are provided on book income. Deferred tax liabilities and assets may arise from the expected future tax consequences of events that have been included in the financial statements or tax returns, and are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

Investments

The Company presently carries no financial instruments of any kind (including financial instruments with off-balance-sheet risk), except for a money market account included in cash and cash equivalents in the accompanying financial statements.

Cash and Cash Equivalents

The Company considers all highly liquid U.S. debt instruments with a maturity of less than three months to be cash equivalents.

Supplemental Cash Flows Information

In connection with the presentation of the statement of cash flows, no interest payment was made; however, \$5,818 was paid in state franchise taxes and \$9,934 in federal taxes.

Events Occurring After Reporting Date

The Company has evaluated events and transactions that occurred between December 31, 2016 and February 20, 2017, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

MORTON SEIDEL & COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

NOTE 2 - FIXED ASSETS

A summary of fixed assets at December 31, 2016, follows:

| | |
|----------------------------------|-----------|
| Automobile | \$ 82,234 |
| Furniture and computer equipment | 58,173 |
| | 140,407 |
| Accumulated depreciation | (92,821) |
| | \$ 47,586 |

NOTE 3 - NET CAPITAL REQUIREMENTS

The Company, as a registered broker/dealer, is required under provisions of the Securities Exchange Act of 1934 (SEA of 1934) Rule 15c3-1 to maintain a minimum net capital, and a ratio of aggregate indebtedness to net capital of not greater than 15 to 1. As of year-end, the Company's net capital was \$380,922 which was \$330,922 in excess of its required net capital. The Company's net aggregate indebtedness to capital ratio was 0.0013 to 1.

NOTE 4 - COMMITMENTS

The Company's offices are presently rented under a month-to-month operating lease agreement. Rent expense including parking, totaled \$52,019 for the year. There are no other commitments.

NOTE 5 - INCOME TAXES

Deferred income taxes, when applicable, are primarily the result of timing differences between financial statement and tax reporting in accordance with FASB ASC 740, and are presently immaterial, and therefore not recorded. The current tax provision is comprised of the statutory rates, as adjusted for the non-deductible portion of certain expenses. The Company does not have any tax positions at the end of the year for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the reporting date. The Company's policy is to record interest expense and penalties assessed by taxing authorities in operating expense when applicable. No such amounts are included in the financial statements as none have been assessed by any taxing authority.

MORTON SEIDEL & COMPANY, INC.

COMPUTATION OF NET CAPITAL AND AGGREGATE INDEBTEDNESS
UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2016

COMPUTATION OF NET CAPITAL

| | | |
|---|-----------|-------------------|
| Total Shareholders' Equity from Statement of Financial Condition | | \$ 441,357 |
| Deduct non-allowable assets: | | |
| Fixed assets, net | \$ 47,587 | |
| Deposit | 6,759 | 54,346 |
| Net capital before haircuts | | 387,011 |
| Haircuts on securities: | | |
| Certificate of Deposits (included in cash) | | 6,089 |
| NET CAPITAL | | <u>380,922</u> |
| Minimum net capital required | | <u>50,000</u> |
| EXCESS NET CAPITAL | | <u>\$ 330,922</u> |

COMPUTATION OF AGGREGATE INDEBTEDNESS

| | |
|--|---------------|
| Total Liabilities from Statement of Financial Condition | \$ 511 |
| TOTAL AGGREGATE INDEBTEDNESS | <u>\$ 511</u> |
| Percentage of aggregate indebtedness to net capital | 0.13% |

RECONCILIATION WITH COMPANY'S COMPUTATIONS

| | |
|---|-------------------|
| Net capital, as reported by the Company | \$ 380,922 |
| Audit Adjustments | \$ - |
| Net capital, as reported above | <u>\$ 380,922</u> |

Note: There are no material differences between the preceding computation and the Company's corresponding unaudited part II of Form X-17A-5 as of December 31, 2016.

COMPUTATION OF RESERVE REQUIREMENTS PURSUANT TO RULE 15c3-3

Not applicable because the Company is exempt under Rule 15c3-3 section (k)2(ii)
"Special Account for the Exclusive Benefit of Customers"

INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS
UNDER RULE 15c3-3

Not applicable because the Company is exempt under Rule 15c3-3 section (k)2(ii)
"Introducing Broker Dealer on Fully Disclosed Basis"

See Independent Auditors' Report on Supplementary Information.

TONE, WALLING & KISSINGER
CERTIFIED PUBLIC ACCOUNTANTS
ON THE WEB @TWMCPA.COM

100 E THOUSAND OAKS BLVD., SUITE 257, THOUSAND OAKS, CA 91360 PH (805)496-5474 FAX (805)495-1852

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
of Morton Seidel & Company, Inc.

We have reviewed management's statements, included in the accompanying Broker Dealer Annual Compliance Report Pursuant to Rule 17a-5 Exemption Report From Rule 15c3-3, in which (1) Morton Seidel & Company, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Morton Seidel & Company, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: provision of paragraph (k) (2) (ii) (the "exemption provisions") and (2) Morton Seidel & Company, Inc. stated that Morton Seidel & Company, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Morton Seidel & Company, Inc.'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 Morton Seidel & Company, Inc.'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.



February 20, 2017

BROKER DEALER ANNUAL COMPLIANCE REPORT PURSUANT TO RULE 17a-5

EXEMPTION REPORT FROM RULE 15c3-3

Name of Company: Morton Seidel & Co., Inc

Reporting Date: December 31, 2016

1. Provisions in paragraph (k) of Rule 15c3-3 for which an exemption is claimed: Morton Seidel & Co., Inc. operates under the provisions of paragraph (k) (2) (ii) of SEC Rule 15c3-3 whereas the Company does not hold customer funds or safe keep of customer securities, and as such is exempt from the remaining provisions of that Rule.

The Company claims an exemption from the amended SEC Rule 17a-5 requiring broker-dealers to file a compliance report annually with its financial statements.

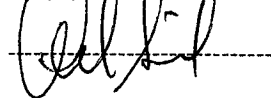
2. Morton Seidel & Co., Inc. met the identified exemption provisions throughout the most recent year ended December 31, 2016.
3. Exceptions during the year ending December 31, 2016: NONE.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 20, 2017

Morton Seidel & Co., Inc.

By: /S/ Arnold Seidel



Name: Arnold Seidel

Title: Chairman