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Securities and Exchange  
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ANNUAL AUDITED REPORT  
 FORM X-17A-5  
 PART III

SEC FILE NUMBER
8- 68433

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 01/01/2010 AND ENDING 12/31/2010  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: chaffe securities inc

OFFICIAL USE ONLY
FIRM I.D. NO.

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

201 St. Charles Ave Suite 1410

(No. and Street)

New Orleans

(City)

LA

(State)

70170

(Zip Code)

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

Vanessa B Claiborne

504.524.1801

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

LaPorte, A Professional Accounting Corporation

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

5100 Village Walk Suite 300 Covington LA 70433

(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)

OATH OR AFFIRMATION

I, G. F. Gay Le Breton, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Chaffe Securities, Inc. 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, except as follows:

G. F. Gay Le Breton
Signature

President

Title

[Signature] #27982
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).

**CHAFFE SECURITIES, INC.**

Audit of Financial Statements

December 31, 2016



LaPorte, APAC  
5100 Village Walk | Suite 300  
Covington, LA 70433  
985.892.5850 | Fax 985.892.5956  
LaPorte.com

## Report of Independent Registered Public Accounting Firm on Applying Agreed-Upon Procedures

To the Board of Directors  
Chaffe Securities, Inc.

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2016, solely to assist you and other specified parties in evaluating the Chaffe Securities, Inc.'s (the Company) compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Company's management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States) and the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

- a. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, noting no differences;
- b. Compared the amounts reported on the audited Form X-17A-5 (FOCUS Report) for the year ended December 31, 2016, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2016, noting no differences;
- c. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
- d. Proved the mathematical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences.

### LOUISIANA • TEXAS

An Independently Owned Member, RSM US Alliance  
RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each is separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

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

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



A Professional Accounting Corporation

Covington, LA  
February 24, 2017

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**CHAFFE SECURITIES, INC.**  
**Statement of Financial Condition**  
**December 31, 2016**

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**Assets**

Cash and Cash Equivalents	\$ 91,578
Private Company Membership Interest	31,250
Other Receivables	4,308

**Total Assets** \$ 127,136

**Liabilities and Stockholder's Equity**

**Liabilities**

Accounts Payable	<u>\$ 9,250</u>
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**Total Liabilities** 9,250

**Stockholder's Equity**

Common Stock - \$.65 Par Value	
10,000 Shares Authorized, Issued, and Outstanding	6,500
Additional Paid-In Capital	158,475
Retained Earnings	<u>(47,089)</u>

**Total Stockholder's Equity** 117,886

**Total Liabilities and Stockholder's Equity** \$ 127,136

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

**CHAFFE SECURITIES, INC.**  
**Statement of Operations**  
**For the Year Ended December 31, 2016**

<b>Revenues</b>	
Investment Banking	\$ 232,337
Interest Income	<u>0</u>
<b>Total Revenues</b>	<u>232,337</u>
<b>Expenses</b>	
Management Fees	36,000
Legal and Professional	82,667
Regulatory Fees	7,211
Other Operating Expenses	<u>151,298</u>
<b>Total Expenses</b>	<u>277,176</u>
<b>Loss Before Income Tax Benefit</b>	(44,839)
<b>Income Tax Benefit</b>	<u>(7,307)</u>
<b>Net Loss</b>	<u>\$ (37,532)</u>

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



**CHAFFE SECURITIES, INC.**  
**Statement of Changes in Stockholder's Equity**  
**For the Year Ended December 31, 2016**

	<b>Common Stock</b>	<b>Additional Paid-In Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
<b>Balance - December 31, 2015</b>	\$ 6,500	\$ 158,475	\$ (9,557)	\$ 155,418
<b>Net Loss for the Year 2016</b>	-	-	(37,532)	(37,532)
<b>Balance - December 31, 2016</b>	<u>\$ 6,500</u>	<u>\$ 158,475</u>	<u>\$ (47,089)</u>	<u>\$ 117,886</u>

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

**CHAFFE SECURITIES, INC.**  
**Statement of Changes in Liabilities**  
**Subordinated to Claims of General Creditors**  
**For the Year Ended December 31, 2016**

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<b>Subordinated Liabilities - Beginning of Year</b>	\$	-
Increases		-
Decreases		-
		<hr/>
<b>Subordinated Liabilities - End of Year</b>	\$	-

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

<b>Cash Flows from Operating Activities</b>	
Net Loss	\$ (37,532)
Adjustments to Reconcile Net Loss to Net	
Cash Provided by Operating Activities	
Increase in Income Tax Receivable	(800)
Increase in Other Receivables	(2,026)
Increase in Payables	3,688
Increase in Private Company Membership Interest	(31,250)
Decrease in Deferred Tax Liabilities	0
<b>Net Cash Provided by Operating Activities</b>	<u>(67,919)</u>
<b>Cash Flows from Investing Activities</b>	<u>0</u>
<b>Net Cash Used in Investing Activities</b>	<u>0</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(67,919)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>159,497</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 91,578</u></u>

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

## **CHAFFE SECURITIES, INC.**

### **Notes to Financial Statements**

#### **Note 1. Summary of Significant Accounting Policies**

##### **Business of the Company**

Chaffe Securities, Inc. (the Company) is registered as a broker/dealer with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority, specializing in merger and acquisition transactions and advisory services.

The Company is a wholly owned subsidiary of Chaffe & Associates, Inc. (the Parent). The Company was formed on October 13, 2009, pursuant to the general corporation laws of the state of Louisiana.

##### **Revenue Recognition**

Investment banking fees are recorded on the settlement date basis. Advisory fees are recognized at the time services are earned.

##### **Receivables from Customers**

Receivables are carried at original invoice amount. Management determines if an allowance for doubtful accounts is necessary by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. At December 31, 2016, there was no allowance for doubtful accounts.

##### **Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

##### **Income Taxes**

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Company believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

## CHAFFE SECURITIES, INC.

### Notes to Financial Statements

#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

##### Recent Accounting Pronouncements

In August 2015, the FASB issued ASU 2015-14—*Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*. The amendments in the Update defer the effective date of the new revenue standard (Update 2014-09) for public and nonpublic entities reporting under U.S GAAP by one year. Public business entities, certain not-for-profit entities, and certain employee benefit plans should apply the guidance in Update 2014-09 to annual reporting periods beginning after December 15, 2017, including interim reporting periods within the reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. All other entities should apply the guidance in Update 2014-09 to annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. All other entities may apply the guidance in Update 2014-09 earlier as of an annual reporting period beginning after December 15, 2016, including interim reporting periods within that reporting period. All other entities also may apply the guidance in Update 2014-09 earlier as of an annual reporting period beginning after December 15, 2016, and two interim reporting periods within annual reporting periods beginning one year after the annual reporting period in which the entity first applies the guidance in Update 2014-09. The adoption of this guidance is not expected to have a material effect on the Company's financial statements.

In November 2015, the FASB issued Update 2015-17—*Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. The amendments in this update require that deferred tax liabilities and assets be classified as non-current in a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments in the update.

The amendments in the Update will align the presentation of deferred tax assets and liabilities to be classified as noncurrent in a classified statement of financial position.

**CHAFFE SECURITIES, INC.**

**Notes to Financial Statements**

**Note 2. Related Party Transactions**

The Company is managed by its Parent. The Company paid Chaffe & Associates, Inc. management fees totaling \$36,000 and overhead reimbursements totaling \$142,953 during the year ended December 31, 2016.

**Note 3. Income Taxes**

Components of income tax benefit for the year ended December 31, 2016, are as follows:

Current	\$ (7,307)
Deferred	<u>0</u>
	<u>\$ (7,307)</u>

The effective tax rate for the year ended December 31, 2016, was 16%. Income tax benefit differs from the amounts computed by applying the U.S. federal rate of 34% to income before income tax benefit principally due to the effect of graduated tax rates, state income taxes, and expenses which are not deductible for income tax purposes.

The Company is consolidated with its Parent for U.S. federal income tax return purposes, and files a Louisiana state income tax return. Returns filed in these jurisdictions for tax years ended on or after December 31, 2013, are subject to examination by the relevant taxing authorities. The Company is not currently under examination by any taxing authority.

As of December 31, 2016, the Company had no uncertain tax positions.

**Note 4. Significant Customers**

During the year ended December 31, 2016, the Company had one customer that accounted for 75% of total revenue. At December 31, 2016, there were no receivables due from these customers.

**Note 5. Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2016, the Company had net capital of \$82,327, which was \$77,327 in excess of its required net capital of \$5,000. The Company's Aggregate Indebtedness to Net Capital ratio was .11 to 1 at December 31, 2016.

## CHAFFE SECURITIES, INC.

### Notes to Financial Statements

#### Note 6. Fair Value Measurements

Financial Accounting Standards Board Statement ASC 820, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company's only investment is a 0.5% equity interest in a company with non-traded securities. The following is a description of the valuation methodologies used for assets measured at fair value.

#### **Private Company Equity:**

Valued at price in recent arm's length transaction in the same securities. The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**CHAFFE SECURITIES, INC.**

**Notes to Financial Statements**

The following table sets forth by level, within the fair value hierarchy, the Company's assets at fair value as of December 31, 2016:

<b>Assets at Fair Value as of December 31, 2016</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>TOTAL</b>
Private Company Equity	0	0	31,250	31,250
Total assets at fair value	0	0	31,250	31,250

The following chart shows the components of change in the assets categorized as Level 3 for the year ended December 31, 2016.

Balance, December 31, 2015	\$ -
Total gains and (losses) (realized/unrealized) Included in earnings	\$ -
Purchases, issuances, and settlements	\$ 31,250
Balance, December 31, 2016	\$ 31,250

**Note 7. Subsequent Events**

FASB ASC Topic 855, *Subsequent Events*, establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, it sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date.

In accordance with ASC 855, the Company evaluated subsequent events through February 24, 2017 the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.



**CHAFFE SECURITIES, INC.**  
**Supplementary Information**  
**December 31, 2016**

**Schedule I**  
**Computation of Net Capital Under Rule 15c3-1 of**  
**the Securities and Exchange Commission**

<b>Net Capital</b>	
Total Stockholder's Equity	\$ 117,886
Deductions and/or Charges	
Private Company Membership Interest	(31,250)
FINRA Deposit Account	(1,332)
Prepaid Expenses	<u>(2,977)</u>
Net Capital Before Haircuts on Securities Positions	82,327
Haircuts on Securities	<u>( 0)</u>
Net Capital	<u>\$ 82,327</u>
<b>Aggregate Indebtedness</b>	<u>\$ 9,250</u>
<b>Computation of Basic Net Capital Requirement</b>	
Minimum Net Capital Required	<u>\$ 5,000</u>
Excess of Net Capital	<u>\$ 77,327</u>
Net Capital in Excess of 120% of required Net Capital	<u>\$ 76,327</u>
Ratio: Aggregate Indebtedness to Net Capital	<u>.11 to 1</u>

**Statement Pursuant to Rule 17a-5(d)(4)**

There were no material differences between the net capital reported in the Company's unaudited Form X-17a-5 as of December 31, 2016 and the Company's audited financial statements as of December 31, 2016.

**CHAFFE SECURITIES, INC.**  
**Supplementary Information**  
**December 31, 2016**

**Schedule II**  
**Computation for Determination of Reserve**  
**Requirements Under Rule 15c3-3 of the**  
**Securities and Exchange Commission**

Chaffe Securities, Inc. is exempt from the reserve requirements and the related computations for the determination thereof under paragraph k(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934, as Chaffe Securities, Inc. carries no margin accounts in connection with its activities as a broker or dealer, does not otherwise hold funds or securities for, or owe money or securities to customers.

During the year ended December 31, 2016, Chaffe Securities, Inc. has maintained its compliance with the conditions for exemption specified in paragraph k(2)(i) of Rule 15c3-3.

**Schedule III**  
**Information Relating to Possession or Control**  
**Requirements Under Rule 15c3-3 of the**  
**Securities and Exchange Commission**

Chaffe Securities, Inc. is exempt from the reserve requirements and the related computations for the determination thereof under paragraph k(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934, as Chaffe Securities, Inc. carries no margin accounts in connection with its activities as a broker or dealer, does not otherwise hold funds or securities for, or owe money or securities to customers.

During the year ended December 31, 2016, Chaffe Securities, Inc. has maintained its compliance with the conditions for exemption specified in paragraph k(2)(i) of Rule 15c3-3.

**Schedule IV**  
**Schedule of Segregation Requirements**  
**and Funds in Segregation for Customers' Regulated**  
**Commodity Futures and Options Accounts**

Chaffe Securities, Inc. is exempt from the reserve requirements and the related computations for the determination thereof under paragraph k(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934, as Chaffe Securities, Inc. carries no margin accounts in connection with its activities as a broker or dealer, does not otherwise hold funds or securities for, or owe money or securities to customers.

During the year ended December 31, 2016, Chaffe Securities, Inc. has maintained its compliance with the conditions for exemption specified in paragraph k(2)(i) of Rule 15c3-3.

**CHAFFE SECURITIES, INC.**

MEMBER FINRA/SIPC

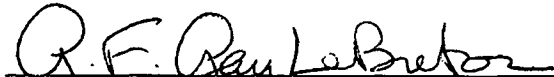
201 ST. CHARLES AVENUE, SUITE 1410  
NEW ORLEANS, LOUISIANA 70170

(504) 524-1801

**Exemption Certification  
For the Year Ended December 31, 2016**

In accordance with the requirements of SEC Rule 17a-5(d)(4)(i)-(iii), I G. F. Gay Le Breton, certify and attest, to the best of my knowledge and belief that the following statements are true and correct with regard to Chaffe Securities, Inc.

1. Chaffe Securities, Inc. claimed an exemption from Rule 15c3-3 under provision 15c-3-3(k)(2)(i) throughout the most recent fiscal year January 1, 2016 to December 31, 2016;
2. Chaffe Securities, Inc. met the above exemptive provisions throughout the most recent fiscal year without exception.

  
\_\_\_\_\_  
G. F. Gay Le Breton

President  
Title



LaPorte, APAC  
5100 Village Walk | Suite 300  
Covington, LA 70433  
985.892.5850 | Fax 985.892.5956  
LaPorte.com

## Review Report of Independent Registered Public Accounting Firm

To the Board of Directors  
Chaffe Securities, Inc.

We have reviewed management's statements, included in the accompanying Chaffe Securities, Inc. Exemption Report, in which (a) Chaffe Securities, Inc. identified the following provisions of 17 C.F.R. § 15c3-3(k) under which Chaffe Securities, Inc. claimed an exemption from 17 C.F.R. § 240.15c3-3: (2)(i) (the exemption provisions) and (b) Chaffe Securities, Inc. stated that Chaffe Securities, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Chaffe Securities, 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 Chaffe Securities, 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)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

A Professional Accounting Corporation

Covington, LA  
February 24, 2017

### LOUISIANA • TEXAS

An Independently Owned Member, RSM US Alliance  
RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each is separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.