

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

ANNUAL REPORTS  
FORM X-17A-5  
PART III

|                                                                                                       |
|-------------------------------------------------------------------------------------------------------|
| OMB APPROVAL                                                                                          |
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FACING PAGE

Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 10/01/2022 AND ENDING 09/30/2023  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Alpine Securities Corporation

TYPE OF REGISTRANT (check all applicable boxes):

- ☒ Broker-dealer      ☐ Security-based swap dealer      ☐ Major security-based swap participant  
☐ Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

39 Exchange Place

(No. and Street)

Salt Lake City

UT

84111

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

James A. Cosman

801-320-1323

jcosman@alpine-securities.com

(Name)

(Area Code – Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing\*

Haynie & Company

(Name – if individual, state last, first, and middle name)

1785 West 2320 South

Salt Lake City

UT

84119

(Address)

(City)

(State)

(Zip Code)

October 20, 2003

457

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

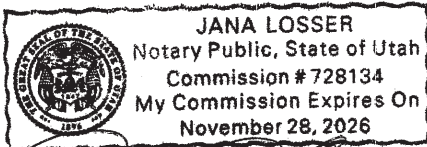
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\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

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, James A. Cosman, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Alpine Securities Corporation, as of 9/30, 2023, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.



Notary Public

Signature:

Title:

CFO, Finance & Operations Principal

### This filing\*\* contains (check all applicable boxes):

- ☒ (a) Statement of financial condition.
- ☒ (b) Notes to consolidated statement of financial condition.
- ☐ (c) Statement of income (loss) or, if there is other comprehensive income in the period(s) presented, a statement of comprehensive income (as defined in § 210.1-02 of Regulation S-X).
- ☐ (d) Statement of cash flows.
- ☐ (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- ☐ (f) Statement of changes in liabilities subordinated to claims of creditors.
- ☐ (g) Notes to consolidated financial statements.
- ☐ (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- ☐ (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- ☐ (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- ☐ (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- ☐ (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- ☐ (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- ☐ (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- ☐ (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- ☐ (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- ☒ (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- ☐ (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (t) Independent public accountant's report based on an examination of the statement of financial condition.
- ☐ (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- ☐ (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- ☐ (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- ☐ (z) Other: \_\_\_\_\_

\*\*To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.



**Alpine Securities Corporation**

**STATEMENT OF FINANCIAL CONDITION**

**For the Year Ended September 30, 2023**



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1785 West 2320 South  
Salt Lake City, UT 84119

 801-972-4800

 801-972-8941

 [www.HaynieCPAs.com](http://www.HaynieCPAs.com)

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
of Alpine Securities Corporation

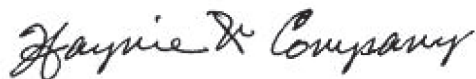
### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Alpine Securities Corporation as of September 30, 2023, and the related notes (collectively referred to as the “financial statement”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of Alpine Securities Corporation as of September 30, 2023 in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

This financial statement is the responsibility of Alpine Securities Corporation’s management. Our responsibility is to express an opinion on Alpine Securities Corporation’s financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to Alpine Securities Corporation in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.



Haynie & Company  
Salt Lake City, Utah  
December 12, 2023

We have served as Alpine Securities Corporation’s auditor from 2016 – 2018 and since 2022.

ALPINE SECURITIES CORPORATION  
STATEMENT OF FINANCIAL CONDITION  
September 30, 2023

**Assets**

|                                                     |                    |              |
|-----------------------------------------------------|--------------------|--------------|
| Cash                                                |                    | \$ 1,137,855 |
| Cash segregated under federal and other regulations |                    | 2,305,357    |
| Deposits with clearing organizations                |                    | 4,721,601    |
| Receivables from customers                          | 3,909,368          |              |
| Less allowance for uncollectable amounts            | <u>(3,909,368)</u> | -            |
| Receivables from broker/dealers                     |                    | 4,835        |
| DTCC common stock                                   |                    | 264,300      |
| Property and equipment, at cost                     | 472,042            |              |
| Less accumulated depreciation                       | <u>(469,466)</u>   | 2,576        |
| Other receivables                                   |                    | 114,276      |
| Other assets                                        |                    | 125,769      |

|                     |  |                            |
|---------------------|--|----------------------------|
| <b>Total Assets</b> |  | <u><u>\$ 8,676,569</u></u> |
|---------------------|--|----------------------------|

**Liabilities and Stockholder's Equity**

**Liabilities**

|                                       |              |
|---------------------------------------|--------------|
| Payables to customers                 | \$ 2,259,474 |
| Accounts payable and accrued expenses | 1,164,062    |
| Accounts payable broker/dealers       | 571,255      |
| Non-customer payables                 | 1,524        |
| Salaries and commissions payable      | 30,553       |
| Correspondent deposits                | 25,000       |

|                          |                  |
|--------------------------|------------------|
| <b>Total Liabilities</b> | <u>4,051,868</u> |
|--------------------------|------------------|

**Stockholder's Equity**

|                                                                                                      |             |
|------------------------------------------------------------------------------------------------------|-------------|
| Common stock, \$0.50 par value; 200,000 shares<br>authorized, 175,602 shares issued and outstanding; |             |
| 2,247 shares of treasury stock                                                                       | 88,925      |
| Additional paid-in-capital                                                                           | 9,403,934   |
| Accumulated Deficit                                                                                  | (4,868,158) |

|                                   |                  |
|-----------------------------------|------------------|
| <b>Total Stockholder's Equity</b> | <u>4,624,701</u> |
|-----------------------------------|------------------|

|                                                   |                            |
|---------------------------------------------------|----------------------------|
| <b>Total Liabilities and Stockholder's Equity</b> | <u><u>\$ 8,676,569</u></u> |
|---------------------------------------------------|----------------------------|

**ALPINE SECURITIES CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business.** Alpine Securities Corporation (the Company) was incorporated under the laws of the State of Utah on January 11, 1984, as a securities broker and dealer dealing principally in over-the-counter securities. The Company, located in Salt Lake City, Utah, is registered with the Securities and Exchange Commission (SEC), and is a member of the Financial Industry Regulatory Authority (FINRA). Security trades are entered into with Scottsdale Capital, a related party. Customers are located in states in which the Company is registered. Wholesale trading is conducted with other brokers and dealers throughout the United States. Revenue is derived principally from trading in securities on its own account and trading in securities for customers for which a commission is received. The Company also clears securities transactions for correspondents, and charges transaction fees.

**Significant Accounting Policies**

**Cash and Cash Equivalents.** All highly liquid investments purchased with an original maturity of three months or less at the date of acquisition are classified as cash and cash equivalents. Cash equivalents consist primarily of highly liquid investments in time deposits held in banks.

**Segregated Cash.** Alpine Securities receives cash for the exclusive benefit of customers in compliance with SEC rule 15c3-3 (customer protection).

**Accounts Receivable.** Accounts receivables are stated at cost, net of allowance. The Company establishes an allowance for doubtful accounts for accounts receivable to ensure the Company has not overstated receivable balances due to uncollectability. The Company determines the need for an allowance based on a variety of factors, historical experience and on the potential illiquidity of the collateral. The Company allows for customer receivables at 100% due to the nature of any collateral and historical collections from customers.

**Deposits with Clearing Organizations.** Margin deposits and participant contributions are maintained within the clearing fund on the Statement of Financial Condition due to the benefits and risk ownership being accrued to the Company. Deposits and contributions may be in the form of cash and cash equivalents and securities. These deposits may be applied to satisfy obligations of the depositing participant, other participants, or the Company as provided in the Company rules.

**Property and Equipment.** Property and equipment are stated at cost, net of accumulated depreciation. Routine maintenance, repairs and replacement costs are expensed as incurred, and improvements that appreciably extend the useful life of the assets are capitalized. When equipment is sold, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income. Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable.

Leasehold improvements are amortized using the straight-line method over their useful lives, or the remaining term of the related lease, whichever is shorter. Furniture and equipment are depreciated over estimated useful lives ranging from five to seven years, using straight-line methods. Building improvements are primarily amortized over 39 years using the straight-line method.

**Revenue Recognition.** The Company recognizes revenue in accordance with ASC 606. This revenue recognition guidance requires that an entity recognized revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance requires an entity to follow a five-step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when the entity satisfies a performance obligation.



**ALPINE SECURITIES CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Significant Accounting Policies (Continued)**

Customer securities transactions are recorded on settlement date. Revenues and related commissions for transactions executed but unsettled are recorded on trade date, which is the day each transaction is executed.

**Trading Profit and Commissions:** Commission revenue represents commissions, settlement fees, and execution fees that are generated by our introducing broker-dealer for their clients' trading activity in microcap OTC transactions. The Company is the principal for commission revenue, as it is responsible for the execution of the clients' sales. Accordingly, total commission revenues are reported on a gross basis. Securities commissions are sale-based commissions that are recognized on the trade date. Trading profit is made by the firm purchasing shares from the client and selling to the street with the trading profit being the margin between the point of purchase and sell.

**Account Fees:** Account fees represent fees earned for custodial, recordkeeping, and administrative functions performed for the securities clearing accounts of clients. These include statement delivery fees, account transfer fees, errors and omission insurance fees, platform fees, and other fees. Client account fees that are transactional based, such as account transfer fees, are recognized at a point in time when the related performance obligation is satisfied. Client account fees that are related to ongoing services, such as statement delivery fees and errors and omission insurance fees, are recognized over time. Client account fees that relate to ongoing services are typically billed to clients' accounts on a monthly or quarterly basis.

**Transaction Fees:** Transaction fee revenue represents account review fees, safekeeping fees, check fees, wire fees, ticket fees that are generated by setting up new accounts, holding stock with DTCC, transferring money by check or wire to customers. Accordingly, total transaction fee revenues are reported on a gross basis. Transaction fees are sale-based that are recognized on the trade date, or assessed at the time of account creation, ticket execution, or monthly as the securities are held by the DTCC.

**Special Assessment Revenue:** special assessments are recognized on a case-by-case basis in the month when they are assessed and in which a special assessment agreement has been executed.

**Income Taxes.** The Company, with the consent of its stockholder, elected to be taxed as an S Corporation. The taxable income of the Company flows through to the stockholder's individual income tax return.

**Concentration of Credit Risk.** The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. At September 30, 2023, the Company's uninsured cash balances totaled \$3,237,478.

The Company is engaged in various trading and brokerage activities in which the counterparties are primarily broker-dealers. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

**Use of Estimates.** The preparation of financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Management makes estimates regarding the collectability of receivables, the outcome of litigation, the fair value measurements, and other matters that affect the reported amounts. Estimates, by their nature, are based on judgment and available information. Therefore, actual results could materially differ from those estimates.

**Clearing Income from Correspondents.** This revenue represents the transaction fees, transfer fees, and all other revenue types that are earned on the trading accounts from the introducing broker dealer



**ALPINE SECURITIES CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2023**

**NOTE 2 - CASH SEGREGATED UNDER FEDERAL AND OTHER REGULATIONS**

Cash of \$2,250,000 has been segregated in a special reserve bank account for the benefit of customers under rule 15c3-3 of the Securities and Exchange Commission (SEC). The reserve is calculated weekly using a formula as defined by the rule. The required reserve on September 30, 2023, was \$2,259,767. The firm made a Deposit of \$50,000 on October 2, 2023.

Cash of \$50,000 has been segregated in a special reserve bank account for the benefit of brokers and dealers (PAIB) under rule 15c3-3 of the Securities and Exchange Commission (SEC). The PAIB reserve is calculated weekly using a formula as defined by the rule. The required PAIB reserve on September 30, 2023, was \$26,524. No additional deposit was required.

**NOTE 3 - DEPOSITS WITH CLEARING ORGANIZATIONS**

The Company had a deposit with its clearing organizations totaling \$4,721,601 as of September 30, 2023.

**NOTE 4 - FAIR VALUE MEASUREMENT**

**Fair Value Measurements.** The guidance related to "Fair Value Measurements" included in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820 defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value.

**Valuation Hierarchy.** FASB ASC Topic 820 established a three-level valuation hierarchy for disclosure of fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The asset 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. The three levels of the fair value hierarchy are described as follows:

Level 1 -Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets as of the valuation date. The Company does not have any financial assets or liabilities utilizing Level 1 inputs as of September 30, 2023.

Level 2 -Inputs to the valuation methodology are other than unadjusted quoted market prices for similar assets and liabilities in active markets, which are either directly or indirectly observable as of the valuation date or can be derived principally from or corroborated by observable market data. The Company does not have any financial assets or liabilities utilizing Level 2 inputs as of September 30, 2023.

Level 3 -Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The Company does not have any financial assets or liabilities utilizing Level 3 inputs as of September 30, 2023.

**Financial Instruments Not Measured at Fair Value.** The carrying amounts of the financial instruments (i.e., monetary assets and liabilities) are determined under different accounting methods. However, active markets do not exist for a significant portion of these instruments. For financial instruments where quoted prices for identical assets and liabilities in active markets do not exist, the Company determines fair value based on discounted cash flow analyses and comparable pricing of similar instruments.

**ALPINE SECURITIES CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**September 30, 2023**

**NOTE 4 - FAIR VALUE MEASUREMENT (Continued)**

The Company uses recently executed transactions, other observable market data such as exchange data, broker/dealer quotes, third-party pricing vendors and aggregation services for determining the fair values of financial instruments. The Company assesses the external sources and their valuation methodologies to determine if the external providers meet the minimum standards expected of a third-party pricing source. Pricing data provided by approved external sources are evaluated using a number of approaches to ensure the highest-ranked market data source is used to validate fair value of financial instruments.

**NOTE 5 - RECEIVABLE FROM AND PAYABLE TO CUSTOMERS**

The customer receivable from and payable to account balances arose from transactions which are recorded on a settlement date basis. Securities owned by customers are held as collateral for receivables.

**NOTE 6 – DTCC STOCK**

The Company capitalizes its mandatory purchase of DTCC common shares. In February of 2023, DTCC required the Company to buy .045 shares of common stock for \$1,940. The total number of DTCC shares held at cost on September 30, 2022, is 20.665.

The Company capitalizes its mandatory purchase of DTCC preferred shares. Total number of shares held at cost on September 30, 2022, is 25.

**NOTE 7 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at September 30, 2023:

|                                                |                        |
|------------------------------------------------|------------------------|
| Furniture and equipment                        | \$ 346,448             |
| Computer hardware and software                 | <u>125,594</u>         |
|                                                | 472,042                |
| Less accumulated depreciation and amortization | <u>(469,466)</u>       |
|                                                | <u><u>\$ 2,576</u></u> |

**NOTE 8 - RELATED PARTY TRANSACTIONS**

The Company performs clearing and other services for Scottsdale Capital which became a related party on March 3, 2011. The Company recognizes trading revenue exclusively from this related party. The balance payable to Scottsdale Capital for fees and commissions collected on their behalf was \$571,256 as of September 30, 2023. The amount of revenue earned during the year ended September 30, 2023 is \$6,352,356.

In 2013, the Company relocated to a building owned by a related party. The Company terminated the previous rental agreement as of December 1, 2022 and entered into a new twelve month agreement on the same day. It requires minimum monthly payments of \$237,524. Payments made to the related party totaled \$2,375,240 during the twelve months ended September 30, 2023. The expenses for this related party are \$2,850,288. Rent for the months of December 2022 and January 2023 was forgiven resulting in a capital contribution of \$475,047.

**ALPINE SECURITIES CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**September 30, 2023**

**NOTE 8 - RELATED PARTY TRANSACTIONS (Continued)**

The Company entered into a loan agreement for \$2,154,101 to increase the required deposits with clearing organizations. The loan carried interest of 1% per day resulting in the recognition of interest expense of \$1,314,002. The interest was forgiven by the lender resulting in a capital contribution of \$1,314,002. The Company and the debt holder entered into a debt exchange agreement which resulted in the cancellation of debt. In connection with the debt exchange agreement an assignment of the net income covenant of 19% for a term of 30 years was conveyed, beginning on April 2021 with all payments made under the prior covenant to reduce the SEC liability being satisfactory to all parties. In the event during the first five years from the effective date of this agreement there is an adverse regulatory event the debt shall be reinstated immediately.

In April 2022, an escrow was set up to cover the potential refunds of customer account charges in the amount of \$2,310,234. The loan was made by Alpine Securities Holding Corporation, which has common ownership with the Company, and has the ability to impose control over the lender, and was determined to be a related party.

**NOTE 9 - NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1 & 15c3-3), which, under the alternative standard method requires the maintenance of minimum net capital to be no less than the greater of \$250,000 or 2 percent of aggregate debit items and prohibits a broker-dealer from engaging in securities transactions when its net capital falls below minimum requirements as defined by the rule. As of September 30, 2023, the Company had net capital of \$3,935,498 which was \$3,685,498 in excess of its required net capital of \$250,000.

**NOTE 10 - FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK**

In the normal course of business, the Company's customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company must purchase or sell the financial instrument underlying the contract at a loss.

**NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES**

**Settlement of Securities Transactions.** The Company is obligated to settle transactions with brokers and other financial institutions even if its customers fail to meet their obligations to the Company. Customers are required to complete their transactions on the settlement date, generally two business days after trade date. If customers do not fulfill their contractual obligations, the Company may incur losses. The Company has established procedures to reduce this risk by requiring deposits from customers for certain types of trades.

**Legal.** The Company may, from time to time, be named as a defendant in civil actions or a respondent in regulatory actions. The Company is subject to the regulatory and civil actions discussed below.

On July 25, 2019, FINRA initiated an Enforcement Action in which FINRA alleged that the Company charged excessive fees to customers. (See FINRA No. 2019061232601.) The Company has denied these allegations. The hearing in that matter concluded in September 2021. On March 22, 2022, the Hearing Panel issued a Decision in which the Panel found that the Company converted and misused customer funds and securities, engaged in unauthorized trading, charged, and paid customers unfair prices in securities transactions, charged customers unreasonable and discriminatory fees, and made an unauthorized capital withdrawal. The sanction order includes expulsion and \$2,310,234 restitution. The Panel Decision also contains a permanent cease-and-desist order ("PCDO") that prohibits the Company from charging certain fees to customers. On April 15, 2022, the Company filed a notice of appeal, which stays the sanctions, except for the PCDO. In satisfaction of the order, a deposit of \$2,310,234 was placed in an escrow account pending the appeal. The appeal remains pending.

**ALPINE SECURITIES CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**September 30, 2023**

**NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)**

On August 26, 2021, the SEC filed an Order Instituting Proceedings (“OIP”) pursuant to Section 15(b) of the Securities Exchange Act of 1934 (SEC Administrative Procedures File. No. 3-20485). The OIP is a follow-on action that stems from the 2017 SEC civil action filed in the Southern District of New York. In the SDNY matter, the court found that Alpine had violated the books and records provisions of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder, entitled “Financial recordkeeping and reporting of currency and foreign transactions.” Under the OIP, the Commission will consider whether Alpine should be subject to any further sanctions based on that conduct. Discovery and briefing in the OIP matter are underway.

On August 10, 2022, the Securities and Exchange Commission filed an action in federal court in the District of Nevada alleging violations of Section 10(b) and Section 15 based on a subset of the same events in 2019 that were the subject of the above-referenced FINRA proceeding. Discovery is underway.

On April 19, 2023, FINRA initiated a related action to the fee case described above based on allegations that Company violated the PCDO. (See FINRA No. 2019061235603.) FINRA seeks expulsion for the alleged violations. Alpine has denied the allegations and the expedited hearing commenced on June 5, 2023. On June 7, 2023, the hearing was stayed by order of the D.C. Circuit Court of Appeals pending resolution of Alpine’s claims that FINRA’s governance and structure is unconstitutional. If the hearing resumes, and if the Hearing Officer issues an expulsion order, the Company shall be required to cease operations until it can seek and obtain a stay order from the SEC. The impact to the Company’s business could be significant and material.

During 2014 to 2019, the IRS conducted a lengthy audit of Alpine’s tax withholdings for certain foreign accounts for the tax period 2011 and 2012. On August 9, 2019 the IRS issued a tax assessment totaling \$1,957,705.96. In September 2019, Alpine paid the required quarterly payment in the amount of \$66,947.72 to the IRS. Immediately, thereafter, Alpine filed a tax refund request, which the IRS did not take any action on. On November 19, 2021 Alpine filed a complaint for tax refund and to challenge the legality of the assessment in the U.S. District Court of Utah, Central Division, 21-cv-00683. In the government answer, the U.S. made a counterclaim seeking the full assessment amount of \$2,396,474.25 plus interest. On September 23, 2022, Alpine filed a summary judgement motion seeking to dismiss the action. The government has responded and raised a jurisdictional issue. Summary judgment decision remains pending. Based on counsel’s assessment of the contingent liability Alpine expects to prevail on its challenge to the IRS assessment and has not made any contingent liability reservation for this matter.

In July 2021, the Company filed lawsuits seeking to recover funds based on allegations that a former officer and an accomplice misappropriated approximately \$1,300,000 million in funds. The majority of the funds have been remanded to the court and are held and awaiting the resolution of this action. These matters, which are taking place in both civil and FINRA Arbitration forums, are ongoing, and the Company expects to prevail.

In 2018, Company also filed suit against its former CEO, Chris Frankel, alleging breaches of confidentiality and trade secret agreements. In May 2021 the jury awarded Alpine \$932,000 in unjust enrichment damages. Frankel has filed several posting hearing motions and appeals which are being addressed by the courts. Company expects the jury decision against Frankel will ultimately hold-up.

**NOTE 12 - SUBSEQUENT EVENTS**

Subsequent to fiscal year-end, the Company received some additional funding from the parent company in the amount of \$6.4 Million. The Company had a Board resolutions meeting regarding receiving those funds as additional capital increasing the excess net capital above \$10 Million for additional requirements from the clearing organizations.

**ALPINE SECURITIES CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**September 30, 2023**

**NOTE 12 – SUBSEQUENT EVENTS (Continued)**

Subsequent to year-end, the Company had made the decision to become a self-clearing organization, and in doing so the clearing agreement between the Company and the introducing broker dealer has been terminated. The Company is in the midst of meeting all of the qualifications to becoming a self-clearing firm.

Subsequent events related to the financial statements have been evaluated for recording and/or disclosure through the date which the financial statements were available to be issued. The Company has determined that there are no material events that require adjustment to the recorded amounts or disclosures.