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

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JUN 01 2010

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 04/01/09 AND ENDING 03/31/10  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

KJM SECURITIES, INC

OFFICIAL USE ONLY  
FIRM ID. NO.

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

48 SAGAMORE ROAD, #29

(No. and Street)

BRONXVILLE

(City)

NEW YORK

(State)

10708-1534

(Zip Code)

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

KOSTA J. MOUSTAKAS, PRESIDENT

(914) 793-7043

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

VB&T Certified Public Accountants, PLLC

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

183 MADISON AVENUE, SUITE 204

(Address)

NEW YORK

(City)

NEW YORK

(State)

10016

(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).

MM

OATH OR AFFIRMATION

I, Kosta J. Moustakas, President, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of KJM Securities, Inc., (Company), as of March 31, 2010, 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:

\_\_\_\_\_

\_\_\_\_\_

**CARMEN A. SMITH**

**Notary Public, State of New York**

**No. 4976920**

**Qualified in Westchester County**

**Commission Expires 01-22-2011**

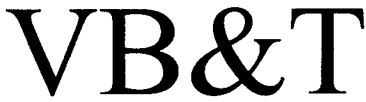
*Carmen Smith*

*Kosta J. Moustakas*  
Kosta J. Moustakas, President

Sworn and subscribed to before me this 28 day of May, 2010.

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

	<b>Page</b>
Independent Certified Public Accountants' Report.	1
(x) (a) Facing page.	
(x) (b) Balance Sheet.	2
(x) (c) Statement of Operations.	3
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(x) (g) Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934.	8
( ) (h) Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.	
( ) (i) Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 (not applicable).	
( ) (j) A Reconciliation, including Appropriate Explanations, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Rule 15c3-3 (not required).	
( ) (k) A Reconciliation Between the Audited and Unaudited Consolidated Statements of Financial Condition With Respect to Methods of Consolidation (not applicable).	
(x) (l) An Affirmation.	
( ) (m) A Copy of the SIPC Supplemental Report (not required).	
(x) (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Supplemental Report on Internal Control).	9 - 10



Certified Public Accountants, PLLC

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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors of  
KJM Securities, Inc

We have audited the accompanying balance sheet of KJM Securities, Inc. as of March 31, 2010, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the 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 KJM Securities, Inc. at March 31, 2010, and the results of its operations, changes in stockholder's equity, and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*VB&T CERTIFIED PUBLIC ACCOUNTANTS, PLLC*

New York, NY  
May 26, 2010

Registered with the Public Company Accounting Oversight Board

**KJM SECURITIES, INC**  
**BALANCE SHEET**  
**MARCH 31, 2010**

ASSETS

Cash	\$ 41,963
Receivable from clearing broker	2,002
Other receivable	<u>195</u>
Total Assets	<u>\$ 44,160</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:

Accounts payable and accrued expenses	\$ <u>4,322</u>
Total Liabilities	<u>4,322</u>

Stockholder's Equity

Common stock - \$.01 par value	
10,000 shares authorized, issued and outstanding	100
Additional paid-in capital	9,900
Retained earnings	<u>29,838</u>
Total Stockholder's Equity	<u>39,838</u>
Total Liabilities and Stockholder's Equity	<u>\$ 44,160</u>

See Independent Accountants' Report and Accompanying Notes

**KJM SECURITIES, INC**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2010**

Revenues:	
Commissions and fees	\$ 484,354
Total Revenues	<u>484,354</u>
Costs and Expenses:	
Commissions/compensation and benefits	344,505
Office supplies and expenses	76,676
Rent	28,456
Clearing costs and expenses	19,048
Interest expense	7,791
Telephone	6,829
Brokerage registrations and fees	4,515
Utilities	2,167
Professional fees	1,555
SIPC fee	506
NYS Corporation Taxes	205
Total Costs and Expenses	<u>492,253</u>
Net Operating Loss	(7,899)
Other income - interest	<u>3,267</u>
Net Loss	<u><u>\$ (4,632)</u></u>

See Independent Accountants' Report and Accompanying Notes

**KJM SECURITIES, INC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2010**

Cash Flows Used By Operating Activities:	
Net Operating Loss	\$ (4,632)
Adjustment to reconcile net loss to net cash (used) by operating activities:	
Changes in operating assets and liabilities:	
(Increase) in receivable from clearing broker	(798)
(Increase) in other receivable	(33)
Net cash (used) by operating activities	<u>(5,463)</u>
Cash flows from investing activities:	
Net cash (used) by investing activities	-
Cash flows from financing activities:	
Net cash provided by financing activities	-
Net (decrease) in cash	<u>(5,463)</u>
Cash at beginning of year	<u>48,108</u>
Cash at end of year	<u>\$ 41,963</u>
Supplemental disclosures of cash flow information:	
Cash paid during the period for:	
Interest expense	\$ <u>7,791</u>
Income taxes	\$ <u>205</u>

See Independent Accountants' Report and Accompanying Notes

**KJM SECURITIES, INC**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEAR ENDED MARCH 31, 2010**

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained earnings</u>	<u>Total Stockholder's Equity</u>
Balances, April 1, 2009	\$ 100	\$ 9,900	\$ 34,470	\$ 44,470
Net income for the year	-	-	(4,632)	(4,632)
Balances, March 31, 2009	<u>\$ 100</u>	<u>\$ 9,900</u>	<u>\$ 29,838</u>	<u>\$ 39,838</u>

See Independent Accountants' Report and Accompanying Notes

**KJM SECURITIES, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**1. ORGANIZATION AND NATURE OF BUSINESS**

KJM Securities, Inc. (Company) was incorporated on October 16, 1986 in the State of New York as a broker-dealer in securities transactions under the Securities Exchange Act of 1934. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company has adopted March 31 as its year end.

The Company clears all of its transactions through security clearing brokers. The Company acts as a broker-dealer and is exempt from Securities and Exchange Commission Rule 15c3-3 under paragraph k(2)(ii) since it uses other security firms for clearing.

Pursuant to agreements between the Company and National Financial Services LLC (NFS), all securities transactions of the Company are cleared and its customers are introduced and cleared on a fully disclosed basis. The Company is exempt from provisions of Rule 15c3-3 and is not responsible for compliance with Section 4(c) of Regulation T of the Board of Governors of the Federal Reserve System, as all customers' accounts, as defined by such rules are carried by NFS.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Revenue Recognition**

The Company's financial statements are prepared using the accrual method of accounting.

The Company receives commission income in accordance with the terms of an agreement with the clearing agent. Commission income is recognized on the settlement date of purchase or sales transaction.

**Use of Estimates**

The financial statements are presented in accordance with generally accepted accounting principles and prevailing industry practices, both of which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at March 31, 2010, as well as the reported amounts of revenues and expenses during the year then ended. Estimates, by their nature, are based on judgment and available information. Management believes that the estimates utilized in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates.



**KJM SECURITIES, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**Income Taxes**

The Company complies with FASB ASC 741-10-1 through 25 (formerly SFAS No. 109, "Accounting for Income Taxes") which require an asset and liability approach to the financial accounting and reporting for income taxes.

At March 31, 2010, the Company has net operating loss ("NOL") carry forwards of approximately \$8,000, which expire in various years through 2030, available to offset future taxable income. The deferred tax asset as a result of the net operating carry forwards is dependent on future earnings, if any, the timing and amount of which is uncertain. Accordingly, the deferred tax assets have not been included in these financial statements.

**Transactions With Clearing Agent**

National Financial Services LLC acts as the clearing agent on a fully disclosed basis for accounts introduced by the Company. The receivable due from the clearing agent as of March 31, 2010 in the accompanying balance sheet, consists of unpaid commissions.

**3. NET CAPITAL REQUIREMENTS**

The Company is a member of the FINRA and subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital of \$5,000 and requires the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At March 31, 2010 the Company had net capital of \$39,838, which was \$34,838 in excess of the FINRA minimum capital requirement.

**4. CONTINGENCIES**

In the normal course of business, the Company is engaged in various trading and brokerage activities on a principal and agency basis through a clearing broker.

In connection with these activities, a customer's unsettled transactions may expose the Company to off-balance-sheet risk in the event the customer is unable to fulfill its contractual obligations.

Significant credit exposure may result in the event that the Company's clearing broker is unable to fulfill their contractual obligation.

**KJM SECURITIES, INC**  
**COMPUTATION AND RECONCILIATION OF NET CAPITAL UNDER RULE**  
**RULE 15c 3-1 OF THE SECURITIES AND EXCHANGE COMMISSION**  
**MARCH 31, 2010**

NET CAPITAL:	
Total stockholder's equity	\$ 39,838
Deductions and/or charges:	
Non-allowable assets:	-
	<u>39,838</u>
Net capital before haircuts on securities positions	<u>39,838</u>
Haircuts on securities positions	<u>-</u>
Net Capital	<u>\$ 39,838</u>
AGGREGATE INDEBTEDNESS:	
Items included in the statement of financial condition:	
Accounts payable and accrued expenses	\$ <u>4,322</u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:	
Minimum net capital required	\$ <u>5,000</u>
Excess net capital	\$ <u>34,838</u>
Excess net capital at 1,000%	\$ <u>39,406</u>
Ratio: Aggregate indebtedness to net capital is	<u>11%</u>

The above computation agrees with the March 31, 2010 computation of net capital filed electronically by the company on FOCUS Form X-17A-5 Part IIA.



Certified Public Accountants, PLLC

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**

To the Board of Directors of  
KJM Securities, Inc

In planning and performing our audit of the financial statements and supplementary information of KJM Securities, Inc. (the "Company") for the year ended March 31, 2010, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission (the "Commission"), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following: 1) Making quarterly securities examinations, counts, verifications and comparisons; 2) Recordation of differences required by Rule 17a-13, or, 3) Complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining a system of internal accounting control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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Member of the American Institute of Certified Public Accountants

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at March 31, 2010, to meet the Commission's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the Securities and Exchange Commission, the Financial Industry Regulatory Authority (FINRA), and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*VB&T CERTIFIED PUBLIC ACCOUNTANTS, PLLC*

New York, NY  
May 26, 2010

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