

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



10030600

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

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8-4703 6

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 01/01/09 AND ENDING 12/31/09  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: JBS LIBERTY SECURITIES, INC.

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

8320 UNIVERSITY EXECUTIVE PARK DRIVE  
(No. and Street)

CHARLOTTE NORTH CAROLINA 28262  
(City) (State) (Zip code)

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

TIMOTHY J. BAIN (704) 333-7637  
(Area Code-Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

FAULKNER AND THOMPSON, P.A.  
(Name-if individual, state, last, first, middle name)

226 NORTH PARK DRIVE, #110 ROCK HILL SC 29730  
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in U.S. or any of its possessions.

SECURITIES AND EXCHANGE COMMISSION  
RECEIVED  
JUN - 4 2010  
DIVISION OF TRADING & MARKETS

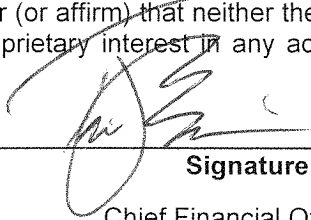
FOR OFFICIAL USE ONLY

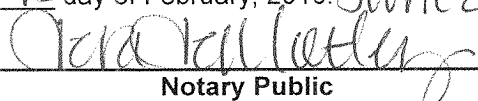
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2).

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, **Timothy J. Bain**, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of **JBS Liberty Securities, Inc.**, as of **December 31, 2009**, 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 as that of a customer.

  
\_\_\_\_\_  
**Signature**  
\_\_\_\_\_  
Chief Financial Officer  
\_\_\_\_\_  
**Title**

Subscribed and sworn to before me this  
19 day of ~~February~~, 2010. June 2010  
  
\_\_\_\_\_  
**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).

**Securities and Exchange Commission**

Washington, D.C. 20549

**Annual Audit Report**

For the year January 1, 2009 to December 31, 2009

**JBS Liberty Securities, Inc.**

(Name of Respondent)

8320 University Executive Park Drive  
Charlotte, North Carolina 28262

(Address of Principal Executive Offices)

**Timothy J. Bain**

JBS Liberty Securities, Inc.  
8320 University Executive Park Drive  
Charlotte, North Carolina 28262

(Name and address of person authorized to receive  
notices and communications from the Securities  
and Exchange Commission)

**JBS LIBERTY SECURITIES, INC  
REPORT ON AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

---

**TABLE OF CONTENTS**

	<u>Page</u>
<b>AUDITED FINANCIAL STATEMENTS</b>	
Independent Auditors' Report .....	1
Statement of Financial Condition .....	2
Statement of Income .....	3
Statement of Changes in Stockholder's Equity .....	4
Statement of Cash Flows .....	5
Notes to Financial Statements .....	6
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule I – Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission .....	9
Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5 .....	10

**FAULKNER AND THOMPSON, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

ROBERT E. FAULKNER  
T. DALE THOMPSON

226 NORTHPARK DRIVE, SUITE 110  
POST OFFICE BOX 2456  
ROCK HILL, SOUTH CAROLINA 29732  
TELEPHONE: 803-324-3160  
FACSIMILE: 803-324-2767

NORTH CAROLINA:  
10800 SIKES PLACE, SUITE 300  
CHARLOTTE, NORTH CAROLINA 28277  
TELEPHONE: 704-541-6180  
FACSIMILE: 704-846-3103

CERTIFIED IN S.C. AND N.C.

**INDEPENDENT AUDITORS' REPORT**

To the Stockholder of  
JBS Liberty Securities, Inc.

We have audited the accompanying statement of financial condition of JBS Liberty Securities, Inc. (the *Company*) as of December 31, 2009, and the related statements of income, changes in stockholder's equity and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. 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 generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 JBS Liberty Securities, Inc. as of December 31, 2009 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit 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.

*Faulkner and Thompson, P.A.*

Rock Hill, South Carolina  
February 19, 2010

**JBS LIBERTY SECURTIES, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2009**

---

**ASSETS**

**ASSETS**

Cash and cash equivalents	\$ 237,038
Contract fees receivable	14,012
Receivable from broker-dealers	7,988
Prepaid expenses	9,938
Goodwill	<u>78,750</u>
 Total assets	 <u>\$ 347,726</u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**LIABILITIES**

Accounts payable and accrued expenses	\$ 59,427
Payable to related parties	15,197
Payable to broker-dealers	<u>16,411</u>
 Total liabilities	 <u>91,035</u>

**STOCKHOLDER'S EQUITY**

Common stock; 100 shares issued, authorized and Outstanding, no par value	-
Contributed capital	105,000
Retained earnings	<u>151,691</u>
 Total stockholder's equity	 <u>256,691</u>

Total liabilities and stockholder's equity	<u>\$ 347,726</u>
--	-------------------

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

**JBS LIBERTY SECURITIES, INC.**  
**STATEMENT OF INCOME**  
**For the Year Ended December 31, 2009**

---

<b>REVENUE</b>	
Retail commissions	\$ 301,888
Service fees	<u>264,682</u>
Total revenue	<u>566,570</u>
<b>OPERATING EXPENSES</b>	
Non-employee sales commissions	187,770
Employee compensation and benefits	151,808
Regulatory fees and expenses	48,399
Management fees	36,000
Professional fees	19,717
Education	18,750
Rent and occupancy	13,241
Insurance	9,580
Litigation	5,000
Miscellaneous	<u>4,783</u>
Total operating expenses	<u>495,048</u>
Net operating income	<u>71,522</u>
<b>NON-OPERATING</b>	
Miscellaneous income	<u>504</u>
Net income before income taxes	72,026
<b>PROVISION FOR INCOME TAXES</b>	( <u>28,000</u> )
Net income	<u>\$ 44,026</u>

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

**JBS LIBERTY SECURITIES, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**For the Year Ended December 31, 2009**

---

	<u>Contributed Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
BALANCE AT DECEMBER 31, 2008	\$ 105,000	\$ 107,665	\$ 212,665
Net income for the year ended December 31, 2009	<u>-</u>	<u>44,026</u>	<u>44,026</u>
BALANCE AT DECEMBER 31, 2009	<u>\$ 105,000</u>	<u>\$ 151,691</u>	<u>\$ 256,691</u>

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



**JBS LIBERTY SECURITIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2009**

---

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net income	\$ 44,026
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Decrease in receivables	12,423
Decrease in prepaid expenses	2,761
Increase in accounts payable and accrued expenses	23,098
Decrease in payable to related parties	( 21,129 )
Net cash provided by operating activities	<u>61,179</u>
Increase in cash	61,179
<b>CASH, BEGINNING OF YEAR</b>	<u>175,859</u>
<b>CASH, END OF YEAR</b>	<u>\$ 237,038</u>
 <b>SUPPLEMENTAL CASH FLOWS DISCLOSURE:</b>	
Income tax payments	<u>\$ 22,827</u>

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

**JBS LIBERTY SECURITIES, INC.  
NOTES TO FINANCIAL STATEMENTS**

---

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

**Organization and Nature of Business**

JBS Liberty Securities, Inc. (the *Company*) is registered as a broker-dealer with the Securities and Exchange Commission (*SEC*) and is a member of the Financial Industry Regulatory Authority (*FINRA*), formerly the National Association of Securities Dealers, Inc. (*NASD*). Effective June 1, 2007, the Company was sold thus effecting a one hundred percent change in ownership. These financial statements reflect the operations of the new ownership. On the date of acquisition, goodwill was recorded to reflect the difference between the consideration given for the Company's common stock and the fair value of the Company's net assets. On June 15, 2007, the name of the corporation was changed from RBC Centura Securities, Inc. to JBS Liberty Securities, Inc. The Company is a North Carolina corporation that is a wholly owned subsidiary of Synergy Holding Group, Inc.

The Company's primary source of revenue is derived from providing brokerage services and electronic trading facilities to customers who are predominantly middle and upper income individuals and small and middle-market businesses. The Company maintains no cash or securities for its customers nor does it carry or clear transactions for its customers. The Company clears all of its customer transactions through other broker-dealers on a fully disclosed basis.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, the Company defines cash equivalents as all highly liquid investments with an original maturity of three months or less.

**Securities Transactions**

Securities transactions, commission revenue and commission expenses are recorded on a trade-date basis. Unrealized gains and losses on securities transactions, if any, are included in riskless principal transactions in the statement of income. Marketable securities are recorded at market value.

**Receivable from Broker-Dealers**

Receivable from broker-dealers are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off balances when amounts are deemed uncollectible.

**Fair Value of Financial Instruments**

The financial instruments of the Company are reported on the statement of financial condition at fair values, or at carrying amounts that approximate fair values because of the short maturity of the instruments.

**Goodwill**

Goodwill is not amortized but is tested for impairment on at least an annual basis. Impairment testing is required more often than annually if an event or circumstance indicates that an impairment or decline in value may have occurred. If the carrying value of goodwill exceeds its fair value, an impairment loss is recognized.

**JBS LIBERTY SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Commissions**

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

**Income Taxes**

Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*, requires a company to recognize deferred tax liabilities and assets for the expected future tax consequences of events that have been recognized in a company's financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement carrying amounts and tax basis of assets and liabilities using enacted tax rates in effect for the years in which the differences are expected to reverse. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets if there is uncertainty regarding their realization.

**Use of Estimates**

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

**NOTE 2 – INCOME TAXES**

JBS Liberty Securities, Inc. recognizes income tax expense at the applicable Federal and state income tax rates.

At December 31, 2009, the Company recorded no deferred tax liabilities or assets as there are currently no material differences between the tax basis and financial statement carrying amounts of its assets and liabilities. Income tax expense for the year ended December 31, 2009 is as follows:

State income taxes	\$ 5,000
Federal income taxes	<u>23,000</u>
Total income taxes	\$ <u>28,000</u>

**NOTE 3 – RELATED PARTY TRANSACTIONS**

The Company reimburses a related party for management fees and a portion of its operating expenses. During the year ended December 31, 2009, the Company paid approximately \$167,000 for management, certain employee-related and other operating costs.

At December 31, 2009, net amounts due to related parties, on demand, amounted to \$15,197.

**JBS LIBERTY SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 4 – CONCENTRATIONS OF CREDIT RISK**

The Company does not carry accounts for customers or perform custodial functions related to customers' securities. The Company introduces all of its customer transactions, which are not reflected in these financial statements, to its clearing broker, who maintains the customer accounts and clears the customer transactions. Additionally, this clearing broker provides the clearing and depository operations for the Company's proprietary securities transactions. These activities may expose the Company to off-balance-sheet risk in the event that the customers do not fulfill their obligations with the clearing broker as the Company has agreed to indemnify the clearing broker for any resulting losses.

The Company is subject to concentrations of credit risk primarily in its contract fees receivable. As of December 31, 2009, one customer accounted for sixty-nine percent of total contract fees receivable.

The Company performs ongoing credit evaluations of its customers' financial condition as part of the lending process. No single customer accounts for greater than one percent of total revenue.

**NOTE 5 – CONTINGENCIES AND COMMITMENTS**

In some instances, the Company can be held liable for trades that have not been closed by certain company representatives. However, management believes the likelihood of such an occurrence is remote, and accordingly, no provision has been recorded in these financial statements.

**NOTE 6 – NET CAPITAL REQUIREMENT**

As a registered broker-dealer, the Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital not exceed 15 to 1.

At December 31, 2009, the Company had net capital (as defined) of \$153,897, which exceeded the minimum net capital requirements by \$147,828. The Company's ratio of aggregate indebtedness to net capital was 1 to .5 at December 31, 2009.

**NOTE 7 – SUBSEQUENT EVENTS**

Subsequent to year-end, the Company declared and paid dividends of \$30,000 to its sole shareholder.

**SUPPLEMENTARY INFORMATION**

**PURSUANT TO RULE 17a-5 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**As of December 31, 2009**

**JBS LIBERTY SECURITIES, INC.**  
**SCHEDULE I – COMPUTATION OF NET CAPITAL UNDER**  
**RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION**  
**As of December 31, 2009**

---

**Net Capital**

Total shareholder's equity	\$ 256,691
Deductions and/or charges:	
Nonallowable assets:	
Goodwill	( 78,750 )
Other assets	( <u>24,044</u> )
Net capital	\$ <u>153,897</u>

**Aggregate Indebtedness**

Items included in the statement of financial condition:	
Accounts payable and accrued expenses and other liabilities	\$ 74,624
Payable to brokers or dealers	<u>16,411</u>
Aggregate indebtedness	\$ <u>91,035</u>

**Computation of Basic Net Capital Requirements**

6-2/3% of aggregate indebtedness	\$ <u>6,069</u>
----------------------------------	-----------------

**Minimum Net Capital Requirement** \$ 5,000

**Net Capital Requirement** \$ 6,069

**Excess Net Capital** \$ 147,828

**Ratio: Aggregate Indebtedness to Net Capital** 59.15 %

**Excess Net Capital at 1000%** \$ 144,794

**Reconciliation with Company's Computation (included in Part II of Form X-17A-5 as of December 31, 2009)**

Net capital as reported in Company's Part II (unaudited) FOCUS Report	\$ 160,308
Audit adjustment to accounts payable and accrued expenses	( <u>6,411</u> )
Net capital per above	\$ <u>153,897</u>

**FAULKNER AND THOMPSON, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

ROBERT E. FAULKNER  
T. DALE THOMPSON

226 NORTHPARK DRIVE, SUITE 110  
POST OFFICE BOX 2456  
ROCK HILL, SOUTH CAROLINA 29732  
TELEPHONE: 803-324-3160  
FACSIMILE: 803-324-2767

NORTH CAROLINA:  
10800 SIKES PLACE, SUITE 300  
CHARLOTTE, NORTH CAROLINA 28277  
TELEPHONE: 704-541-6180  
FACSIMILE: 704-846-3103

CERTIFIED IN S.C. AND N.C.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
REQUIRED BY SEC RULE 17a-5**

To the Stockholder of  
JBS Liberty Securities, Inc.

In planning and performing our audit of the financial statements and supplemental schedule of JBS Liberty Securities, Inc. (the "Company") as of and for the year ended December 31, 2009, in accordance with generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States), we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (*SEC*), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with 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 (or aggregate debits) and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e). 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 the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal 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 SEC'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 that 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.

Because of inherent limitations in internal control and 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.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and 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 SEC 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, as described in the second paragraph of this report, were adequate at December 31, 2009, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, 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.

*Faulkner and Thompson, P.A.*

Rock Hill, South Carolina  
February 19, 2010



**JBS LIBERTY SECURITIES, INC.**

**REPORT ON  
AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**For the Year Ended December 31, 2009**