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

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

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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: ALPHASOURCE CAPITAL SECURITIES LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

32 East 57th Street

(No. and Street)

New York,

NY

10022

(City)

(State)

(Zip Code)

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

Noelle-Claire LeCann

(212) 308-4500

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

ACQUAVELLA, CHIARELLI, SHUSTER, BERKOWER & CO., LLP

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

517 ROUTE 1 SOUTH, SUITE 4103

ISELIN

NJ

08830

(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)

SEC 1410 (06-02)

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ALPHASOURCE CAPITAL SECURITIES LLC

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
PURSUANT TO RULE 17a-5 OF THE
SECURITIES AND EXCHANGE COMMISSION**

DECEMBER 31, 2009

ALPHASOURCE CAPITAL SECURITIES LLC

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INDEPENDENT AUDITORS' REPORT

To the Member of
AlphaSource Capital Securities LLC

We have audited the accompanying statement of financial condition of **AlphaSource Capital Securities LLC** (the "Company"), as of December 31, 2009, and the related statements of operations, changes in member'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 auditing standards generally accepted in the United States of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. 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 **AlphaSource Capital Securities LLC** as of December 31, 2009 and the results of its operations, changes in member's equity 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 the supplementary schedule on page 8 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 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.



Iselin, New Jersey
March 24, 2010

ALPHASOURCE CAPITAL SECURITIES LLC

STATEMENT OF FINANCIAL CONDITION

December 31, 2009

ASSETS

| | |
|------|------------------|
| Cash | <u>\$ 24,264</u> |
|------|------------------|

MEMBER'S EQUITY

| | |
|-----------------|------------------|
| Member's equity | <u>\$ 24,264</u> |
|-----------------|------------------|

See accompanying notes to financial statements.

ALPHASOURCE CAPITAL SECURITIES LLC

STATEMENT OF OPERATIONS

Year Ended December 31, 2009

Revenues

| | |
|----------------------|----------|
| Fee income and other | \$ 5,243 |
|----------------------|----------|

Expenses

| | |
|-----------------------|-------|
| Member's compensation | 1,408 |
| Professional fees | 5,000 |
| Rent | 6,000 |
| Telephone | 600 |
| Other expenses | 4,472 |

| | |
|----------------|--------|
| Total expenses | 17,480 |
|----------------|--------|

| | |
|-----------------|--------------------|
| Net loss | \$ (12,237) |
|-----------------|--------------------|

See accompanying notes to financial statements.

ALPHASOURCE CAPITAL SECURITIES LLC

STATEMENT OF CHANGES IN MEMBER'S EQUITY

Year Ended December 31, 2009

| | |
|---|------------------|
| Member's equity, January 1, 2009 | \$ 29,901 |
| Contributions | 6,600 |
| Net loss | <u>(12,237)</u> |
| Member's equity, December 31, 2009 | <u>\$ 24,264</u> |

See accompanying notes to financial statements.

ALPHASOURCE CAPITAL SECURITIES LLC

STATEMENT OF CASH FLOWS

Year Ended December 31, 2009

| | |
|---|------------------|
| Cash flows from operating activities | |
| Net loss | \$ (12,237) |
| Adjustments to reconcile net income to net cash used in operating activities: | |
| Rent and telephone expenses | <u>6,600</u> |
| Net cash used in operating activities | <u>(5,637)</u> |
| Net change in cash | (5,637) |
| Cash, beginning of year | <u>29,901</u> |
| Cash, end of year | <u>\$ 24,264</u> |

Supplemental disclosure of cash flow information :

The sole member contributed \$6,600 in exchange for rent and telephone expenses.

See accompanying notes to financial statements.

ALPHASOURCE CAPITAL SECURITIES LLC

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

AlphaSource Capital Securities LLC (the "Company") is a New York limited liability company formed on June 28, 2007. On May 19, 2008, the Company became a broker-dealer registered with the Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority ("FINRA"). The Company operates under the exemptive provisions of SEC Rule 15c3-3(k)(2)(i). The Company's broker dealer activity is to provide private placements of securities. The Company does not maintain possession or control of any customer funds or securities and is exempt from the requirements of SEC Rule 15c3-3.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of the 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Revenue Recognition

Fee income from private placements is recognized when earned and the amount can be reasonably determined.

Income Taxes

The Company is not a taxpaying entity for Federal income tax purposes and thus no Federal income tax expense has been recorded in the financial statements. Income of the Company is taxed to the member in its respective returns. However, the Company may be subject to the New York City unincorporated business tax based on its net income.

In accordance with GAAP, management is required to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized could result in the Company recording a tax liability that would reduce net assets. This policy also provides guidance on thresholds, measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition that is intended to provide better financial statement comparability among different entities. It must be applied to all existing tax positions upon initial adoption and the cumulative effect, if any, is to be reported as an adjustment to net assets as of January 1, 2009. Based on its analysis, the management has determined that the adoption of this policy did not have a material impact on the Company's financial statements upon adoption. However, the management's conclusions regarding this policy may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in other expenses, if assessed. No interest expense or penalties have been assessed as of and for the year ended December 31, 2009.

ALPHASOURCE CAPITAL SECURITIES LLC

NOTES TO FINANCIAL STATEMENTS

2. Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash. The Company places its cash with financial institutions, which at times during the year may have exceeded the Federal Deposit Insurance Corporation limits.

3. Net Capital Requirements

The Company is a member of FINRA, and is subject to the Securities and Exchange Commission's Uniform Net Capital Rule 15c3-1. This rule requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2009, the Company had net capital of \$24,264, which was \$19,264 in excess of its required net capital of \$5,000. The Company's percentage of aggregate indebtedness to net capital was zero.

4. Related Party Transactions

The Company is a party to an Expense Sharing Agreement with an affiliate. Under the terms of this agreement, the affiliate pays rent and other charges related to the premises and certain other expenses. The affiliate charged the Company \$6,600 for such expenses during the year ended December 31, 2009, which was contributed as capital by the Company's sole member.

5. Subsequent Events

The Company has evaluated subsequent events through March 24, 2010, the date the financial statements were available to be issued.

ALPHASOURCE CAPITAL SECURITIES LLC

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

December 31, 2009

| | |
|--|------------------|
| Total member's equity | <u>\$ 24,264</u> |
| Net capital | <u>\$ 24,264</u> |
| Aggregate indebtedness | <u>\$ -</u> |
| Computation of basic net capital requirement: | |
| Minimum net capital required (greater of 6 2/3% of aggregate indebtedness or \$5,000 minimum dollar net capital) | <u>\$ 5,000</u> |
| Excess net capital | <u>\$ 19,264</u> |
| Percentage of aggregate indebtedness to net capital | <u>0%</u> |

There are no material differences between the computation of net capital presented above and the computation of net capital reported in the Company's unaudited Form X-17A-5, Part II A filing as of December 31, 2009.

AmTrust Investment Services, Inc.

(Currently known as AmFin Investment Services, Inc.,
A Wholly Owned Subsidiary of AmFin Financial
Corporation)

Financial Statements as of and for the Year Ended
September 30, 2009, Supplemental Schedule as of
September 30, 2009, Report on Internal Control, and
Independent Auditors' Report

Filed Pursuant to Rule 17a-5(c)(3) as a
Public Document

ALPHASOURCE CAPITAL SECURITIES LLC

**SUPPLEMENTAL REPORT OF INDEPENDENT AUDITORS' ON
INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5(g)(1)**

DECEMBER 31, 2009

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SUPPLEMENTAL REPORT OF INDEPENDENT AUDITORS' ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5(g)(1)

To the Member of
AlphaSource Capital Securities LLC

In planning and performing our audit of the financial statements and supplemental schedules of **AlphaSource Capital Securities LLC** (the "Company") as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting as a basis for designing our audit 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 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 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 and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulations 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 transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors 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 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 control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the 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 our study, we believe that the Company's practices and procedures were adequate at December 31, 2009, to meet the SEC's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, and other regulatory agencies which 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.

Acquavella, Charalle, Shuster, Berkover & Co., LLP

Iselin, New Jersey
March 24, 2010

ALPHASOURCE CAPITAL SECURITIES LLC

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES RELATED TO AN
ENTITY'S SIPC ASSESSMENT RECONCILIATION
PURSUANT TO SECURITIES AND EXCHANGE COMMISSION RULE 17a-5(e)(4)
AND SCHEDULE OF SECURITIES INVESTOR PROTECTION
CORPORATION ASSESSMENTS AND PAYMENTS**

**FROM FISCAL PERIOD BEGINNING APRIL 1, 2009
AND ENDING DECEMBER 31, 2009**

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES RELATED TO AN
ENTITY'S SIPC ASSESSMENT RECONCILIATION
PURSUANT TO SECURITIES AND EXCHANGE COMMISSION RULE 17a-5(e)(4)
AND SCHEDULE OF SECURITIES INVESTOR PROTECTION
CORPORATION ASSESSMENTS AND PAYMENTS**

To the Member of
AlphaSource Capital Securities LLC

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessments and Payments Transitional Assessment Reconciliation (Form SIPC-7T) to the Securities Investor Protection Corporation ("SIPC") for the fiscal period beginning April 1, 2009 and ending December 31, 2009, which were agreed to by **AlphaSource Capital Securities LLC** (the "Company") and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC and other state regulatory authorities, solely to assist you and the other specified parties in evaluating **AlphaSource Capital Securities LLC's** compliance with the applicable instructions of the Form SIPC-7T. 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 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:

- (i) Compared the listed assessment payments in Form SIPC-7T with respective cash disbursements record entries which included check register and copies of checks, noting no differences;
- (ii) Compared the amounts reported on the audited Form X-17A-5 for the fiscal period beginning April 1, 2009 and ending December 31, 2009, as applicable, with the amounts reported in Form SIPC-7T for the same period, noting no differences;
- (iii) Compared any adjustments reported in Form SIPC-7T with supporting schedules and working papers, noting no differences; and
- (iv) Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules and working papers supporting the adjustments, noting no differences.

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.

Acquavella, Chiarelli, Shuster, Berkower & Co., LLP

Iselin, New Jersey
March 24, 2010

ALPHASOURCE CAPITAL SECURITIES LLC

SCHEDULE OF SECURITIES INVESTOR PROTECTION CORPORATION ASSESSMENTS AND PAYMENTS

December 31, 2009

| | <u>Date Paid or Filed</u> | <u>Payments Made</u> | <u>Annual Assessment Per Report</u> |
|---|-------------------------------|--------------------------|---|
| SIPC-4 general assessment YR 2009 | 2/4/2009 | \$ 150.00 | \$ - |
| SIPC-7T general assessment fiscal period beginning April 1, 2009 and ending December 31, 2009 | 1/7/2010 | - | 150.00 |
| | | <u>\$ 150.00</u> | <u>\$ 150.00</u> |

Name of collection agent: Financial Industry Regulatory Authority

See accompanying Independent Accountants' Report on Applying Agreed-Upon Procedures Related to an Entity's
SIPC Assessment Reconciliation.