

SECURITIES AND EXCHANGE COMMISSION  
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8- 47809

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: Kenney Securities Corp.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
101 South Hanley Rd. Suite 1050  
(No. and Street)  
St. Louis MO 63105  
(City) (State) (Zip Code)

OFFICIAL USE ONLY  
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Richard Kohne (314) 726-4777  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Kerber, Eck & Braeckel, LLP  
(Name - if individual, state last, first, middle name)  
One South Memorial Drive, Suite 950 St. Louis, Mo 63102  
(Address) (City) (State) (Zip Code)

CHECK ONE:  
 Certified Public Accountant  
 Public Accountant  
 Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

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

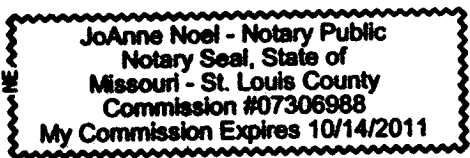
OATH OR AFFIRMATION

I, Richard Kohne, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kenny Securities Corporation, as of December 31, 20 09, 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:

Richard Kohne
Signature

President
Title

JoAnne Noel
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).

KENNY SECURITIES CORPORATION  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2009

KENNY SECURITIES CORPORATION  
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DECEMBER 31, 2009

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## Independent Auditors' Report

Board of Directors and Stockholder  
Kenny Securities Corporation

We have audited the accompanying statement of financial condition of Kenny Securities Corporation (a wholly-owned subsidiary of Kenny Capital Management, 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 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 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 Kenny Securities Corporation 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 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.

*Kerber, Eck & Braeckel LLP*

St. Louis, Missouri  
March 1, 2010

Other Locations

Belleville, IL • Carbondale, IL • Springfield, IL • Jacksonville, IL • Cape Girardeau, MO • Milwaukee, WI



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**Report on Internal Control  
Required by SEC Rule 17a-5 for a Broker-Dealer  
Claiming an Exemption from SEC Rule 15c3-3**

Board of Directors and Stockholder  
Kenny Securities Corporation

In planning and performing our audit of the financial statements of Kenny Securities Corporation (a wholly-owned subsidiary of Kenny Capital Management, Inc.) (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 (internal control) as a basis for designing our auditing procedures for the purpose of expressing an 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 Rules 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 the control activities for safeguarding securities. This study includes 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 payments 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 practices and procedures referred to in the preceding paragraphs 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 preparation of financial statements in conformity with generally

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accepted accounting principles. Rule 17a-15(g) lists additional objectives of the practices and procedures listed in the previous 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 entity'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.

*Kerber, Eck & Braender LLP*

St. Louis, Missouri  
March 1, 2010

KENNY SECURITIES CORPORATION  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2009

ASSETS

Cash	\$ 42,807
Deposits with Clearing Organizations	112,144
Securities Held for Trading	13,411
Prepaid Expense	7,689
Intercompany Receivables, Net of Allowance for Uncollectibles of \$484,898	-
Officer Receivable	16,500
Equipment, Net	3,172
Other Assets	1,185
	<hr/>
TOTAL ASSETS	<u>\$ 196,908</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES	
Accounts Payable	\$ 829
TOTAL LIABILITIES	<hr/> 829
STOCKHOLDER'S EQUITY	
Common Stock, \$.01 Par Value; 100 Shares Authorized; 100 shares Issued and Outstanding	1
Additional Paid-In Capital	726,004
Retained Earnings (Deficit)	(529,926)
Total Stockholder's Equity	<hr/> 196,079
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 196,908</u>

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



KENNY SECURITIES CORPORATION  
STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2009

REVENUES:	
Commissions	\$ 806
Professional Service Fees	318,059
Investment Losses	<u>(5,272)</u>
Total Revenues	<u>313,593</u>
EXPENSES:	
Employee Compensation and Benefits	131,405
Occupancy	25,537
Office Expense	18,903
Insurance	28,428
Professional Fees	48,019
Communication Expenses, Clearance and Other Fees	30,335
Provision for uncollectible intercompany receivables	<u>484,898</u>
Total Expenses	<u>767,525</u>
LOSS BEFORE INCOME TAXES	(453,932)
INCOME TAX PROVISION	<u>-</u>
NET LOSS	<u>\$ (453,932)</u>

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

KENNY SECURITIES CORPORATION  
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Earnings</u>	<u>Stockholder's</u>
			<u>Capital</u>	<u>(Deficit)</u>	<u>Equity</u>
Balance at December 31, 2008	100	\$ 1	\$ 726,004	\$ (45,494)	\$ 680,511
Net Loss	-	-	-	(453,932)	(453,932)
Dividends Paid	-	-	-	(30,500)	(30,500)
Balance at December 31, 2009	<u>100</u>	<u>\$ 1</u>	<u>\$ 726,004</u>	<u>\$ (529,926)</u>	<u>\$ 196,079</u>

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

KENNY SECURITIES CORPORATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009

Cash Flow from Operating Activities:	
Net Loss	\$ (453,932)
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:	
Depreciation Expense	1,176
Loss on Abandonment of Property and Equipment	6,552
(Increase) Decrease in Operating Assets:	
Securities Held for Trading	2,483
Prepaid Expense	(634)
Allowance for Uncollectible Intercompany Receivables	484,898
Other Assets	3,715
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(1,683)
Net Cash Provided by Operating Activities	<u>42,575</u>
Cash Flow from Financing Activities:	
Loans to Parent Company	(5,361)
Loans to Officer	(16,500)
Dividends Paid	(30,500)
Net Cash Used in Financing Activities	<u>(52,361)</u>
Net Decrease in Cash	(9,786)
Cash, Beginning of the Year	<u>52,593</u>
Cash, End of the Year	<u>\$ 42,807</u>
 SUPPLEMENTAL INFORMATION	
Interest Paid	\$ -

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

KENNY SECURITIES CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1. ORGANIZATION AND NATURE OF BUSINESS

Kenny Securities Corporation (the "Company") is a wholly-owned subsidiary of Kenny Capital Management, Inc. (the "Parent Company"). The Company is a broker/dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is incorporated in the state of Delaware and is registered to conduct business in six states. The Company's operations are located in St. Louis, Missouri.

The Company provides investment research, brokerage services, market making, merger and acquisition services, and investment banking to its clients who are located throughout the United States.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company is engaged in a single line of business as a registered broker-dealer. The financial statements have been prepared on the accrual basis.

Securities Held for Trading

Securities held for trading include stock options and warrants valued at fair value. Fair value is based on quoted market prices. For those investments that are not actively quoted, fair value is derived using generally accepted industry valuation methods with a 60% discount. Unrealized gains and losses are reflected in revenues.

Equipment

The Company carries equipment at cost net of accumulated depreciation. Depreciation is computed over the estimated useful lives of the assets using both straight-line and accelerated methods. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized.

Revenue Recognition

Commission revenues and related expenses on the sale of securities are recorded on a settlement date basis. Other fees and revenues are recorded when earned, together with related expenses.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with 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 the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**KENNY SECURITIES CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

The Company's operations are included in the consolidated federal income tax return of the Parent Company. In accordance with an agreement between the Parent Company and its subsidiaries, federal and state income tax expense is computed as if the individual companies were to file separate tax returns.

Deferred income taxes are provided for the temporary differences between the carrying values of the Company's assets and liabilities for financial reporting purposes and their corresponding income tax basis. At December 31, 2009, the Company has loss carryforwards of approximately \$50,000 that may be offset against future taxable income. If not used, the carryforwards will expire at various times through the year 2028. At this time, management does not believe the Company is likely to realize this future tax benefit; accordingly, no deferred tax asset has been recognized related to the Company's net operating loss carryforward.

Effective January 1, 2009, the Company adopted the standards for accounting for uncertainty in income taxes. These standards prescribe a comprehensive model for financial statement recognition, measurement, classification and disclosure of uncertain tax positions. The implementation of the standards had no net effect on retained earnings as of January 1, 2009.

The Company continually evaluates the effects of all tax positions taken including expiring statutes of limitations, tax examinations, changes in tax law and new authoritative rulings. The Company files federal and various state income tax returns. The statutes of limitation for income tax returns filed for the years ended December 31, 2006 through 2008 have not expired and therefore are subject to examination.

**NOTE 3. CASH AND SECURITIES SEGREGATED UNDER FEDERAL AND OTHER REGULATIONS**

No cash has been segregated in a special reserve bank account for the benefit of customers under Rule 15c3-3 of the Securities and Exchange Commission. The Company does not hold any customers funds; accordingly, no reserve account is required.

**NOTE 4. NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides 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 \$165,204 which was \$65,204 in excess of its required net capital of \$100,000. The Company's aggregate indebtedness to net capital ratio was 1 to 100.

**NOTE 5. EQUIPMENT**

Equipment consists of the following at December 31, 2009:

Equipment	\$ 24,165
Accumulated depreciation	20,993
	<u>\$ 3,172</u>

KENNY SECURITIES CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 6. LEASE COMMITMENTS

The Company subleases office space from a related party on a month to month basis. Lease payments are \$1,976 per month, plus a pro-rata share of related insurance. Total rent expense for the year ended December 31, 2009 was \$25,538.

NOTE 7. RELATED PARTIES

The Parent Company, which is the 100% shareholder of the Company, also owns 100% of the outstanding stock of Nicholson-Kenny Capital Management, Inc. ("affiliate"). At December 31, 2009, the following amounts were outstanding:

Due from Parent Company	\$ 34,434
Due from affiliate	450,464
	<u>484,898</u>
Less allowance for uncollectible intercompany receivables	<u>(484,898)</u>
	<u>-</u>

The Company also has an amount due from an officer of the Company totaling \$16,500.

The Company derives substantially all of its revenues from providing services to a related party. Revenues received from this related party were approximately \$320,000 for the year ended December 31, 2009.

NOTE 8. LITIGATION

In a matter pending in the Circuit Court of St. Louis County, the Company has been named as a defendant. The claimant alleges misrepresentations and fraudulent conduct. The claimant seeks actual damages, plus punitive damages with a maximum exposure of \$130,000. Some discovery has been conducted, however, the hearing has not been scheduled to date.

Management believes that the above litigation is without merit. Likewise, Management believes that its defenses are meritorious. Although the ultimate outcome of this action cannot be ascertained at this time and the results of legal proceedings cannot be predicted with certainty, management, based on its understanding of the facts and after consultation with outside counsel with respect to this matter, does not believe that ultimate resolution of this matter will have a material adverse impact on the Company's financial position and results of operations. However, depending upon the period of resolution, such effect could be material to the financial results of an individual operation period.

NOTE 9. CONCENTRATION

Currently, the Company utilizes the services of one clearing organization for all of its securities transactions.

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

At December 31, 2009, substantially all of the Company's revenue was derived from one customer, a related party.

KENNY SECURITIES CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 10. SUBSEQUENT EVENTS

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 1, 2010, the date the financial statements were available to be issued.

**KENNY SECURITIES CORPORATION**  
**COMPUTATION OF NET CAPITAL UNDER**  
**RULE 15c3-1 OF THE SECURITIES**  
**AND EXCHANGE COMMISSION ACT OF 1934**  
December 31, 2009

## COMPUTATION OF NET CAPITAL

Total Stockholder's Equity (From Statement of Financial Condition)	\$ 196,079
Deduction and/or Charges:	
Non-Allowable Assets:	
Prepaid Expenses	7,689
Intercompany Receivable	-
Officer Receivable	16,500
Equipment, Net	3,172
Other Assets	1,185
Securities Held for Trading	373
Net Capital, Before Haircuts	<u>\$ 167,160</u>
Less Haircut	1,956
Net Capital	<u><u>\$ 165,204</u></u>

## AGGREGATE INDEBTEDNESS

Items Included in Statement of Financial Condition	
Accounts Payable	\$ 829

## COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum Net Capital Required	<u>\$ 100,000</u>
Excess Net Capital	<u>\$ 65,204</u>
Ratio of aggregate indebtedness to net capital	<u>1%</u>

**RECONCILIATION WITH COMPANY'S COMPUTATION OF NET CAPITAL (INCLUDED**  
**IN PART II OF FORM X-17-A-5, AS OF DECEMBER 31, 2009)**

Net capital as reported in the Company's Part II-A Focus Report as of December 31, 2009 (unaudited)	\$ 166,927
Less: Decrease in Allowable Assets	-
Less: Increase in Allowable Liabilities	<u>(1,723)</u>
Net Capital, as of December 31, 2009	<u><u>\$ 165,204</u></u>