



cm

SEC

10035147

SSION

Washington, D.C. 20549

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

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

SEC FILE NUMBER
8-67065

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: CERT DIRECT SECURITIES INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

37 WEST 39<sup>TH</sup> STREET Suite 903

(No. and Street)

NEW York

NY

10018

(City)

(State)

(Zip Code)

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

JEFFREY HELLER

973-669-4744

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

GRAF REPETTI & Co., LLP

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

1114 AVE. of THE AMERICAS NEW York, NY 10036

(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 17a-5(e)(2) and Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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.

FEB 25 2010

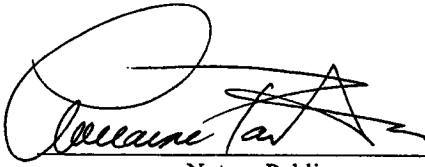
Washington, DC


121

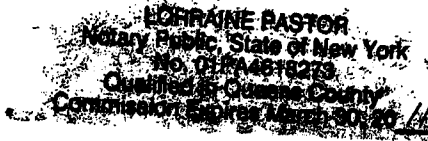
OATH OR AFFIRMATION

I, ERIK SMITH, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CERT DIRECT 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 solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
\_\_\_\_\_  
Notary Public

  
\_\_\_\_\_  
Signature  
President/CEO  
\_\_\_\_\_  
Title



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).

**CERT DIRECT SECURITIES, INC.  
FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**FOR THE YEARS ENDED  
December 31, 2009 and 2008**

# CERT DIRECT SECURITIES, INC.

## CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Condition	2
Statements of Income and Expenses	3
Statements of Changes in Stockholder's Equity	4
Statements of Cash Flows	5
Notes to the Financial Statements	6 - 9
<b>SUPPLEMENTAL INFORMATION</b>	
Independent Auditor's Report on Supplemental Information	10
Computation of Net Capital Pursuant to Rule 15c3-1	11
Independent Auditor's Report on Internal Accounting Control Required by Sec Rule 17a-5	12 - 13



**GRAF REPETTI & CO., LLP**

Certified Public Accountants & Business Advisors

www.grafrepetti.com

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Cert Direct Securities, Inc.

We have audited the accompanying statements of financial condition of Cert Direct Securities, Inc. as of December 31, 2009 and 2008 and the related statements of income and expenses and changes in stockholder's equity and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 Cert Direct Securities, Inc. as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Graf Repetti & Co., LLP*

New York, New York  
February 12, 2010

**New York:** 1114 Avenue of the Americas, New York, NY 10036 • 212.302.3300

**Long Island:** 131 Sunnyside Boulevard, Suite 110, Plainview, NY 11803 • 516.349.2150

## STATEMENTS OF FINANCIAL CONDITION

DECEMBER 31, 2009 AND 2008

	<b>ASSETS</b>	
	<u>2009</u>	<u>2008</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 22,179	\$ 21,406
Deposit with clearing organization	100,000	100,000
Receivable from clearing organization	<u>100,083</u>	<u>94,279</u>
<b>Total Current Assets</b>	<u>222,262</u>	<u>215,685</u>
<b>PROPERTY AND EQUIPMENT - net</b>	20,562	14,517
<b>OTHER ASSETS</b>		
Security deposits	<u>4,017</u>	<u>5,247</u>
<b>Total Other Assets</b>	<u>4,017</u>	<u>5,247</u>
<b>Total Assets</b>	<u><u>\$ 246,841</u></u>	<u><u>\$ 235,449</u></u>
	<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>	
<b>CURRENT LIABILITIES</b>		
Accounts payable	<u>61,324</u>	<u>\$ 52,253</u>
<b>Total Current Liabilities</b>	<u>61,324</u>	<u>52,253</u>
<b>STOCKHOLDER'S EQUITY</b>		
Common stock - no par value, 200 shares authorized, none issued and outstanding	352,325	352,325
Accumulated deficit	<u>(166,808)</u>	<u>(169,129)</u>
<b>Total Stockholder's Equity</b>	<u>185,517</u>	<u>183,196</u>
<b>Total Liabilities and Stockholder's Equity</b>	<u><u>\$ 246,841</u></u>	<u><u>\$ 235,449</u></u>

See accompanying notes to the financial statements.

**CERT DIRECT SECURITIES, INC.**

**STATEMENTS OF INCOME AND EXPENSES**

**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<b>2009</b>	<b>2008</b>
<b>REVENUES</b>		
Fee income	\$ 920,297	\$ 669,990
<b>Total Revenues</b>	920,297	669,990
<b>EXPENSES</b>		
Consulting	382,470	217,322
Salaries and compensation	267,965	179,457
Underwriting expenses	113,295	125,020
Rent	42,993	47,516
Professional fees	32,808	33,680
Information and quotes	-	11,319
Office supplies	5,246	9,583
Office expenses	32,765	21,830
Professional development	547	-
Depreciation expense	7,027	3,472
Computer supplies	14,496	2,603
Travel and entertainment	9,381	1,794
Regulatory expenses	2,030	1,000
Insurance	501	1,352
Postage and delivery	1,953	422
Bank service charges	2,530	400
State and local taxes	620	400
Repairs	1,349	755
<b>Total Expenses</b>	917,976	657,925
<b>Net Income (Loss) from Operations</b>	\$ 2,321	\$ 12,065

See accompanying notes to the financial statements.

**CERT DIRECT SECURITIES, INC.**

**STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>Common</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
<b>Balance at January 1, 2008</b>	-	\$ -	\$ 342,300	\$ (181,194)	\$ 161,106
Capital contributions	-	-	10,025	-	10,025
Net income	-	-	-	12,065	12,065
<b>Balance at December 31, 2008</b>	-	-	352,325	(169,129)	183,196
Net income	-	-	-	2,321	2,321
<b>Balance at December 31, 2009</b>	<u>-</u>	<u>\$ -</u>	<u>\$ 352,325</u>	<u>\$ (166,808)</u>	<u>\$ 185,517</u>

See accompanying notes to the financial statements.



**CERT DIRECT SECURITIES, INC.**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 2,321	12,065
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Changes in current operating items:		
Depreciation and amortization	7,027	3,472
Changes in assets and liabilities:		
(Increase) decrease in:		
Increase in accounts receivable	(5,804)	(83,661)
Decrease in security deposit	1,230	(1,272)
Increase (decrease) in:		
Increase in accounts payable	9,071	39,481
<b>Cash provided (used) by operating activities</b>	<b>11,524</b>	<b>(41,980)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	13,072	14,227
<b>Cash used by investing activities</b>	<b>13,072</b>	<b>14,227</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions from stockholders	-	10,025
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>10,025</b>
<b>Net increase (decrease) in cash</b>	773	(34,117)
<b>Cash - beginning of year</b>	<b>121,406</b>	<b>155,523</b>
<b>Cash - end of year</b>	<b>\$ 122,179</b>	<b>\$ 121,406</b>

See accompanying notes to the financial statements.

**CERT DIRECT SECURITIES, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2009 and 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Organization**

Cert Direct Securities, Inc. (the "Company") was established as a corporation in the State of New York on July 12, 2005. The Company is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the National Association of Securities Dealers ("NASD"). The Company's principal business offices are located in New York, New York and San Clemente, California.

**b) Method of Accounting**

The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

**c) Use of Estimates**

In preparing financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. Actual results could differ from those estimates.

**d) Cash and Cash Equivalents**

The Company considers temporary cash investments with an original maturity of three months or less to be cash equivalents.

**e) Income Taxes**

The Company and its shareholders filed a statement of election to be taxed as a Small Business Corporation under Subchapter S of the Internal Revenue Code (now referred to as an S Corporation) effective January 1, 2006. Under Subchapter S, all income and loss of the Company is includable in the individual taxable income of its shareholders. Therefore, no provision for income taxes has been made.

**CERT DIRECT SECURITIES, INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**

**December 31, 2009 and 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**e) Financial Risks**

The Company is subject to credit risk. Credit risk is the possibility that the Company may incur a loss from the failure of a principal to make payments according to the terms of a sales contract.

**f) Accounts Receivable and Related Allowance**

The Company carries its accounts receivable at amounts billed to customers less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on its history of past write-offs and collections and current credit conditions. At this time the Company has decided not to record an allowance for doubtful accounts.

**2. NET CAPITAL AND RESERVE REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule 15c3-1 which requires that minimum net capital, as defined, shall be at least 6 2/3% of aggregate indebtedness or \$100,000 whichever is greater. At December 31, 2009 and 2008, the Company's net capital computed in accordance with this rule was \$160,938 and \$158,207 compared to a minimum requirement of \$100,000.

**CERT DIRECT SECURITIES, INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**

**December 31, 2009 and 2008**

**3. PROPERTY AND EQUIPMENT**

Property and equipment are originally recorded at cost of acquisition and fully depreciated assets are carried on the books until the date of disposal. The Company uses the straight line method of computing its annual depreciation expense, as computed over a range of estimated useful lives of the assets. The estimated useful life used by the Company for equipment is five years. Depreciation for the years ended December 31, 2009 and 2008 is \$7,027 and \$3,472. The cost and accumulated depreciation for fixed assets are as follows:

**Property and Equipment**

	<u>2009</u>	<u>2008</u>
Computer equipment	\$ 35,137	\$ 22,065
Less: accumulated depreciation	<u>(14,575)</u>	<u>(7,548)</u>
	<u>\$ 20,562</u>	<u>\$ 14,517</u>

**4. LEASE COMMITMENTS**

A lease for the New York office space was entered into as of July 10, 2009. The lease required a security deposit of \$2,717 and requires monthly rental payments of \$1,167, which does not include electrical utilities. The lease for New York office space expires on July 31, 2014. A lease for the California office space was entered into as of February 15, 2008. The California lease requires a security deposit of \$1,300 and requires monthly rental payments of \$1,253, which includes electrical utilities. The California lease expires on February 14, 2010. Total rent expense was \$42,993 and \$47,516 for the periods ended December 31, 2009 and 2008.

Future minimum lease payments obligated under these non-cancelable operating leases are as follows for the years ending:

December 31, 2010	<u>\$ 16,059</u>
December 31, 2011	<u>\$ 14,604</u>
December 31, 2012	<u>\$ 15,456</u>
December 31, 2013	<u>\$ 16,501</u>
December 31, 2014	<u>\$ 9,793</u>

**CERT DIRECT SECURITIES, INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**

**December 31, 2009 and 2008**

**5. CONCENTRATION OF CREDIT RISK**

Financial instruments which potentially subject the Company to concentration of credit risk consists of cash. The Company places its cash with financial institutions in Florida and New York. The Company monitors the credit quality of these financial institutions and does not anticipate their non-performance. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were no uninsured funds as of December 31, 2009 and 2008.

**6. RESTRICTED CASH**

The Company's agreement with its clearing organization requires that the Company maintain a minimum of \$100,000 in cash in a proprietary account.

**SUPPLEMENTAL INFORMATION**



**GRAF REPETTI & CO., LLP**

Certified Public Accountants & Business Advisors

www.grafrepetti.com

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION  
REQUIRED BY SEC RULE 17a-5**

The Board of Directors  
Cert Direct Securities, Inc.

We have audited the financial statements of Cert Direct Securities, Inc. for the years ended December 31, 2009 and 2008 and have issued our report thereon dated February 12, 2010. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on page 11 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 Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audits 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.

*GRAF REPETTI & CO., LLP*

New York, New York  
February 12, 2010

**New York:** 1114 Avenue of the Americas, New York, NY 10036 • 212.302.3300

**Long Island:** 131 Sunnyside Boulevard, Suite 110, Plainview, NY 11803 • 516.349.2150

## COMPUTATION OF NET CAPITAL PER NET CAPITAL RULE 15c3-1

FOR THE YEAR ENDED DECEMBER 31, 2009

<b>CREDITS</b>	
Shareholder's equity	185,517
<b>DEBITS</b>	
Equipment, net	20,562
Other assets	<u>4,017</u>
<b>Total Debits</b>	<u>24,579</u>
<b>Net Capital</b>	<u><u>\$ 160,938</u></u>
<b>AGGREGATE INDEBTEDNESS</b>	
Accounts payable	<u>\$ 61,324</u>
<b>Total Aggregate Indebtedness</b>	<u><u>\$ 61,324</u></u>
<b>COMPUTATION OF BASIC NET CAPITAL REQUIREMENT</b>	
<b>Minimum Net Capital Required</b>	<u><u>\$ 100,000</u></u>
<b>Excess Net Capital</b>	<u><u>\$ 60,938</u></u>
<b>Excess Net Capital at 1000%</b>	<u><u>\$ 154,806</u></u>
<b>Ratio: Aggregate Indebtedness to Net Capital</b>	<u><u>0.38 to 1</u></u>

**RECONCILIATION WITH COMPANY'S CORRESPONDING UNAUDITED  
FOCUS REPORT AS OF DECEMBER 2009**

**Net capital, as reported in FOCUS report**

No material differences exist between the computation of net capital made on the Company's original unaudited filing of the FOCUS report and the audited computation of net capital.

See accompanying notes to the financial statements.





**INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**

To the Board of Directors of  
Cert Direct Securities, Inc.

In planning and performing our audit of the financial statements of Cert Direct Securities, Inc. (hereinafter the Company), as of and for the years ended December 31, 2009 and 2008, 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 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 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 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 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 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 and other regulatory agencies that rely on Rule 17a-5(g) under the Securities and 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.

*GRAF REPETTI & Co., LLP*

New York, New York  
February 12, 2010



GRAF REPETTI & CO., LLP  
Certified Public Accountants & Business Advisors