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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
8-30868

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 01/01/2009 AND ENDING 12/31/2009  
MM/DD/YY MM/DD/YY

### A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: First Citizens Financial Plus, Inc.

OFFICIAL USE ONLY

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

FIRM I.D. NO.

2017 St. John Ave. Suite A

(No. and Street)

Dyersburg  
(City)

TN  
(State)

38024  
(Zip Code)

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

J. Thomas Hopper

731-285-8880

(Area Code - Telephone Number)

### B. ACCOUNTANT IDENTIFICATION

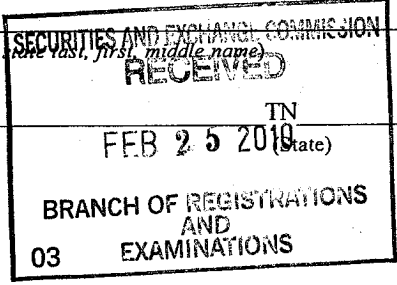
INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Alexander Thompson Arnold PLLC

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

185 N. Church St.  
(Address)

Dyersburg  
(City)



TN  
(State)

38024  
(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

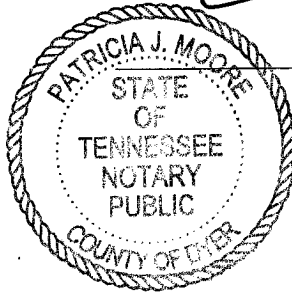
I, J. Thomas Hopper, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of First Citizens Financial Plus, Inc., as of December 31, 2009, are true and correct. I further swear (or affirm) that neither the 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:

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

J. Thomas Hopper  
Signature

\_\_\_\_\_  
President  
Title

Patricia J. Moore  
Notary Public



EXPIRATION DATE 03-10-2011

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).

**FIRST CITIZENS FINANCIAL PLUS, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2009 and 2008**

**FIRST CITIZENS FINANCIAL PLUS, INC.**

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Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
First Citizens Financial Plus, Inc.  
Dyersburg, Tennessee

We have audited the accompanying statements of financial condition of First Citizens Financial Plus, Inc., (the Company) as of December 31, 2009 and 2008, and the related statements of income, changes in stockholders' equity, changes in liabilities subordinate to general creditors, 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 the standards of the Public Company Accounting Oversight Board (United States). 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 First Citizens Financial Plus, 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.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Supplementary Information 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 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.

*Alexander Thompson Arnold PLLC*

Dyersburg, Tennessee  
February 22, 2010

Dyersburg, TN  
Fulton, KY  
Henderson, TN  
Jackson, TN  
Martin, TN

McKenzie, TN  
Milan, TN  
Murray, KY  
Paris, TN  
Trenton, TN  
Union City, TN

**FIRST CITIZENS FINANCIAL PLUS, INC.**  
**STATEMENTS OF FINANCIAL CONDITION**  
**December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 232,077	\$ 235,513
Certificates of deposit	1,000,000	900,000
Accrued interest receivable	1,588	1,779
Prepaid expense	51,783	6,350
Commissions receivable	64,396	70,379
Total Current Assets	1,349,844	1,214,021
 <b><u>Fixed Assets</u></b>		
Furniture and equipment, net	68,349	83,958
 <b>TOTAL ASSETS</b>	<b>\$ 1,418,193</b>	<b>\$ 1,297,979</b>
 <b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b><u>Current Liabilities</u></b>		
Accrued taxes	\$ 69,517	\$ 75,730
Accrued commissions	36,804	37,516
Other liabilities	28,917	53,329
Total Current Liabilities	135,238	166,575
 <b><u>Stockholders' Equity</u></b>		
Capital stock, \$250 par value - 1,000 shares authorized; 807 shares issued and outstanding in 2009 and 2008	201,750	201,750
Additional paid-in capital	280,000	280,000
Retained earnings	801,205	649,654
Total Stockholders' Equity	1,282,955	1,131,404
 <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 1,418,193</b>	<b>\$ 1,297,979</b>

See accompanying notes to the financial statements.

**FIRST CITIZENS FINANCIAL PLUS, INC.**  
**STATEMENTS OF INCOME**  
**Years Ended December 31, 2009 and 2008**

	<b><u>2009</u></b>	<b><u>2008</u></b>
<b><u>Income</u></b>		
Commissions earned	\$ 1,317,222	\$ 1,473,132
Interest income	16,826	42,147
Miscellaneous	8,828	8,600
Total Income	<u>1,342,876</u>	<u>1,523,879</u>
<b><u>Expenses</u></b>		
Salaries and employee benefits	444,505	487,798
Commissions	385,752	442,212
Occupancy expenses	61,855	63,252
Depreciation	15,609	18,144
Office expenses	9,013	12,103
Advertising	50,184	57,296
Affiliation fees	41,556	55,946
Other fees	9,581	10,542
Computer services	32,946	23,186
Regulatory costs	16,228	13,681
Professional services	16,909	13,279
Dues and subscriptions	4,010	5,555
Repair and maintenance	5,460	5,396
Travel and seminars	1,089	2,388
Other expenses	904	3,939
Total Expenses	<u>1,095,601</u>	<u>1,214,717</u>
Income before income taxes	247,275	309,162
Provision for income tax expense	<u>95,724</u>	<u>124,865</u>
<b>Net Income</b>	<b><u>\$ 151,551</u></b>	<b><u>\$ 184,297</u></b>
<b>Earnings per share</b>	<b><u>\$ 187.80</u></b>	<b><u>\$ 228.37</u></b>
<b>Weighted average shares outstanding</b>	<b><u>807</u></b>	<b><u>807</u></b>

See accompanying notes to the financial statements.

**FIRST CITIZENS FINANCIAL PLUS, INC.**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**Years Ended December 31, 2009 and 2008**

	<u>Capital Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>
Balance - January 1, 2008	\$ 201,750	\$ 280,000	\$ 715,357	\$ 1,197,107
Cash dividends paid			(250,000)	(250,000)
Net income			184,297	184,297
Balance - December 31, 2008	201,750	280,000	649,654	1,131,404
Net income			151,551	151,551
Balance - December 31, 2009	<u>\$ 201,750</u>	<u>\$ 280,000</u>	<u>\$ 801,205</u>	<u>\$ 1,282,955</u>

See accompanying notes to the financial statements.



**FIRST CITIZENS FINANCIAL PLUS, INC.**  
**STATEMENTS OF CHANGES IN LIABILITIES**  
**SUBORDINATE TO GENERAL CREDITORS**  
**Years Ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Total Liabilities	<u>\$ 135,238</u>	<u>\$ 166,575</u>
Liabilities Subordinate to General Creditors	<u>\$</u>	<u>\$</u>

See accompanying notes to the financial statements.

**FIRST CITIZENS FINANCIAL PLUS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b><u>Operating Activities</u></b>		
Net income	\$ 151,551	\$ 184,297
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for depreciation	15,609	18,144
Decrease (increase) in accrued interest receivable	191	5,087
Decrease (increase) in prepaid expenses	(45,433)	6,000
Decrease (increase) in commissions receivable	5,983	33,291
Increase (decrease) in accrued taxes	(6,213)	54,865
Increase (decrease) in accrued commissions	(712)	(2,369)
Increase (decrease) in other liabilities	<u>(24,412)</u>	<u>(20,659)</u>
 <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	 <b>96,564</b>	 <b>278,656</b>
 <b><u>Investing Activities</u></b>		
Purchase of fixed assets		(2,813)
Investment in certificates of deposit	<u>(100,000)</u>	<u>1,062</u>
 <b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	 <b>(100,000)</b>	 <b>(1,751)</b>
 <b><u>Financing Activities</u></b>		
Cash dividends paid		<u>(250,000)</u>
 <b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>		 <b><u>(250,000)</u></b>
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (3,436)	 26,905
Cash and cash equivalents at beginning of year	<u>235,513</u>	<u>208,608</u>
 <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	 <b><u>\$ 232,077</u></b>	 <b><u>\$ 235,513</u></b>
 Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for:		
Income taxes	<u>\$ 101,936</u>	<u>\$ 125,000</u>

See accompanying notes to the financial statements.

**FIRST CITIZENS FINANCIAL PLUS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009 and 2008**

**Note 1 - Summary of Significant Accounting and Reporting Policies**

The accounting and reporting policies of First Citizens Financial Plus, Inc., conform to generally accepted accounting principles and are summarized as follows:

**Organization**

The Company was chartered on January 28, 1985, in the State of Tennessee as a wholly owned subsidiary of First Citizens National Bank, Dyersburg, Tennessee. The Company began operations on June 3, 1985. In December 1988, the Company was accepted as a member with the National Association of Securities Dealers (NASD) and was granted registration as a broker/dealer with the State of Tennessee. As required by the Securities Exchange Commission Act of 1934, under Rule X-17-F-1a, First Citizens Financial Plus, Inc., is registered with the Securities Information Center. As of December 31, 2009 and 2008, the Company is in good standing with the Securities Information Center.

**Nature of Operations**

The Company provides securities, brokerage services, and investment advice to customers, primarily located in the West Tennessee area.

**Basis of Accounting**

The financial statements of the Company are presented using the accrual basis of accounting. Certain balances have been reclassified to conform to current year presentation.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP 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. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash in bank and money market savings with a maturity date of less than ninety days.

**Fixed Assets**

Fixed assets of the Company are recorded at cost and are depreciated over their estimated useful lives utilizing the straight-line method.

**Commissions**

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

**Advertising Costs**

Advertising costs are expensed as incurred.

**FIRST CITIZENS FINANCIAL PLUS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2009 and 2008**

**Note 2 - Income Taxes**

First Citizens Financial Plus, Inc., files consolidated federal and state corporation income tax returns with its parent company and records as provision for income tax its proportionate share of the consolidated taxes.

As of December 31, 2009 and 2008, the financial statement and tax basis of assets and liabilities of First Citizens Financial Plus, Inc., are the same, and as a result, no deferred tax assets or liabilities exist.

**Note 3 - Fixed Assets**

Fixed assets used in the ordinary course of business are summarized as follows:

	<u>2009</u>	<u>2008</u>
Furniture and equipment	\$ 243,973	\$ 270,942
Less: accumulated depreciation	<u>175,624</u>	<u>186,984</u>
	<u>\$ 68,349</u>	<u>\$ 83,958</u>

**Note 4 - Employee Stock Ownership Plan and 401(k) Plan**

The employees of First Citizens Financial Plus, Inc., participate in the First Citizens National Bank of Dyersburg Employee Stock Ownership Plan (the "ESOP") and the First Citizens National Bank 401(k) Plan (the "401(k) Plan") maintained by the parent company, First Citizens National Bank. The 401(k) Plan was adopted October 1, 2000. The plans provide for a contribution annually not to exceed 25% of the total compensation of all participants and afford eligibility for participation to all full-time employees who have completed at least one year of service and are age 21 or older.

The Company contributes annually amounts equal to 3% of total eligible compensation to the 401(k) Plan and 7% of total eligible compensation to the ESOP through 2008. In 2009, the plan was changed to a discretionary percentage of total eligible compensation to the ESOP. The discretionary percentage of total eligible compensation for 2009 was 2%. Total eligible compensation for both plans consists of total compensation subject to income tax. Total eligible compensation includes any salary deferrals made through the 401(k) Plan and Section 125 Cafeteria Plan and is subject to maximum limits set annually by the IRS. Each participant may also elect to defer up to 75% of his or her pay into the 401(k) Plan, subject to dollar limitations imposed by law.

Cash contributions to the 401(k) Plan for the years ended December 31, 2009 and 2008 were \$31,272 and \$73,183, respectively. Cash contributions to the 401(k) and ESOP Plan are reported in Salaries and Employee Benefits on the Statement of Income.

**Note 5 - Significant Concentrations of Credit Risk**

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

As of December 31, 2009 and 2008, First Citizens Financial Plus, Inc. had deposits in the amount of \$150,867 and \$169,940, respectively, which were not insured.

**FIRST CITIZENS FINANCIAL PLUS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2009 and 2008**

**Note 6 - Fair Value Measurement**

FASB ASC 820 defines fair value, establishes a framework for measuring fair value and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)

**Note 7 - Obligation of Lease Payable**

Beginning July 1, 2005, First Citizens National Bank, the parent company of First Citizens Financial Plus, Inc., entered into a 5 year lease agreement for office space for First Citizens Financial Plus, Inc., which is located at 2017 St. John Street, Dyersburg, Tennessee. First Citizens National Bank will pay \$1,850 per month for the entire term of the lease and the rent shall be prorated for any partial month. After five years First Citizens National Bank will have the option to renew the lease for an additional 5 year period at the same rental amount, then the lease agreement can be renewed for an additional five years for a rental fee of \$2,460 per month commencing on July 1, 2015.

Future lease payments are as follows:

2010	\$ 22,200
2011	22,200
2012	22,200
2013	22,200
2014	<u>22,200</u>
	<u>\$ 111,000</u>

**Note 8 - Related Party Transaction**

During the year ended December 31, 2005, First Citizens Financial Plus, Inc., entered into a lease agreement for office space with two members of the Board of Directors. As of January 1, 2009, this office building was sold to an independent third party. Lease payments to this outside party will continue as specified in Note 7.

**FIRST CITIZENS FINANCIAL PLUS, INC.**  
**SUPPLEMENTARY INFORMATION**  
**December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<u>Computation of Net Capital Requirement</u>		
<u>pursuant to Rule 15c3-1 of the Securities and Exchange</u>		
<u>Commission Act of 1934 for Investment Advisory</u>		
Net Capital		
Total Stockholders' Equity	\$ 1,282,955	\$ 1,131,404
Net Capital Requirement -		
Greater of \$50,000 or 6.23% of aggregate indebtedness	<u>50,000</u>	<u>50,000</u>
<b>Excess Net Capital</b>	<b><u>\$ 1,232,955</u></b>	<b><u>\$ 1,081,404</u></b>
<u>Aggregate Indebtedness</u>		
Accrued liabilities	\$ 135,238	\$ 166,575
<b>Total Indebtedness</b>	<b><u>\$ 135,238</u></b>	<b><u>\$ 166,575</u></b>
<u>Computation of Net Capital Requirement</u>		
<u>pursuant to Rule 15c3-1 of the Securities and Exchange</u>		
<u>Commission Act of 1934 for Broker/Dealer - Note 4</u>		
Net Capital		
Total Stockholders' Equity	\$ 1,282,955	\$ 1,131,404
Less: adjustment for non-allowable items:		
Other assets	98,814	8,113
Furniture and fixtures	68,349	83,958
Haircuts on securities	<u>4,927</u>	<u>6,528</u>
Net Capital	1,110,865	1,032,805
Net Capital Requirement -		
Greater of \$50,000 or 6.23% of aggregate indebtedness	<u>50,000</u>	<u>50,000</u>
<b>Excess Net Capital</b>	<b><u>\$ 1,060,865</u></b>	<b><u>\$ 982,805</u></b>
Reconciliation of Net Capital as reported on		
unaudited FOCUS Part II A Filing and Net		
Capital as shown above:		
Net capital per Part II A Filing	\$ 1,110,865	\$ 1,032,805
<b>Net Capital</b>	<b><u>\$ 1,110,865</u></b>	<b><u>\$ 1,032,805</u></b>
<u>Aggregate Indebtedness</u>		
Accrued liabilities	<u>\$ 135,238</u>	<u>\$ 166,575</u>
Ratio: Aggregate Indebtedness/Net Capital	<u>12.17%</u>	<u>16.13%</u>

See independent auditors' report.



Certified Public Accountants

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185 North Church Street Telephone: (731) 285-7900  
Dyersburg, TN 38024 (800) 608-5612  
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Tennessee Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL**

Board of Directors  
First Citizens Financial Plus, Inc.  
Dyersburg, Tennessee

In planning and performing our audit of the financial statements of First Citizens Financial Plus, Inc. (the Company), as of and for the year ended December 31, 2009 in accordance with the 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 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 Regulation T of the Board of Governors of the Federal Reserve System
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customer as required by rule 15c3-3

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.

Dyersburg, TN  
Fulton, KY  
Henderson, TN  
Jackson, TN  
Martin, TN

McKenzie, TN  
Milan, TN  
Murray, KY  
Paris, TN  
Trenton, TN  
Union City, TN

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 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 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 results 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 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, 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.



Dyersburg, Tennessee  
February 22, 2010