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

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

SEC FILE NUMBER
8 - 66156

**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:

FINANCO SECURITIES, LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

535 MADISON AVENUE, 3<sup>RD</sup> FLOOR

(No. And Street)

NEW YORK,  
(City)

NY  
(State)

10022  
(Zip Code)

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

SCOTT D. ABRAMS

(212) 593-7385  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

FULVIO & ASSOCIATES, LLP

ATTN: JOHN FULVIO, CPA

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

5 West 37<sup>th</sup> Street, 4<sup>th</sup> Floor  
(Address)

NEW YORK  
(City)

NY  
(State)

10018  
(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 basis for the exemption. See section 240.17a-5(e)(2)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

JD  
3/15/10

OATH OR AFFIRMATION

I, SCOTT D. ABRAMS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FINANCO SECURITIES, LLC, 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:

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

JESSICA PERCHA  
NOTARY PUBLIC-STATE OF NEW YORK  
No. 01PE6190461  
Qualified in New York County  
My Commission Expires July 21, 2012



Notary Public



Signature

FINOP

Title

This report \*\* contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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 or 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 previous audit.
- (o) Supplemental independent Auditors Report on Internal Accounting Control.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

INDEPENDENT AUDITORS' REPORT

To the Managing Member of  
Financo Securities, LLC

We have audited the accompanying statement of financial condition of Financo Securities, LLC (the "Company"), a wholly owned subsidiary of Financo, Inc., 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 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 Financo Securities, LLC 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 supplemental information contained on pages 11 and 12 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.



New York, New York  
February 19, 2010

FINANCO SECURITIES, LLC  
(a wholly owned subsidiary of Financo, Inc.)  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2009

ASSETS

Cash and cash equivalents	\$ 110,823
Investments in securities, at fair value (cost \$200,385)	199,282
Due from affiliate	<u>810,223</u>
 TOTAL ASSETS	 <u>\$ 1,120,328</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities	
Accrued expenses	\$ <u>29,188</u>
Total liabilities	29,188
Member's Equity	<u>1,091,140</u>
 TOTAL LIABILITIES AND MEMBER'S EQUITY	 <u>\$ 1,120,328</u>

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

FINANCO SECURITIES, LLC  
(a wholly owned subsidiary of Financo, Inc.)  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2009

Revenue:

Success fees	\$ 2,212,500
Dividend and interest income	391
Unrealized loss on investments	<u>(21,103)</u>

TOTAL REVENUE 2,191,788

Expenses:

Management fees	1,830,551
Professional services	48,992
Regulatory fees	7,431
Other	<u>1,265</u>

TOTAL EXPENSES 1,888,239

NET INCOME \$ 303,549

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

FINANCO SECURITIES, LLC  
(a wholly owned subsidiary of Financo, Inc.)  
STATEMENT OF CHANGES IN MEMBER'S EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2009

Member's equity - December 31, 2008	\$ 1,587,591
Withdrawals	(800,000)
Net income	<u>303,549</u>
Member's equity - December 31, 2009	<u>\$ 1,091,140</u>

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

FINANCO SECURITIES, LLC  
(a wholly owned subsidiary of Financo, Inc.)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009

Cash flows from operating activities:

Net income		\$ 303,549
Adjustments to reconcile net income to net cash provided by operating activities:		
Decrease in accounts receivable	\$ 1,500,000	
Increase in investments in securities	(199,282)	
Increase in due from affiliate	(810,223)	
Decrease in prepaid expenses	940	
Increase in accrued expenses	<u>1,188</u>	
 Total adjustments		 <u>492,623</u>
 Net cash provided by operating activities		 <u>796,172</u>

Cash flows from financing activities:

Withdrawals		<u>(800,000)</u>
 Net cash used in financing activities		 <u>(800,000)</u>
 Net change in cash and cash equivalents:		 (3,828)
 Cash and cash equivalents – December 31, 2008		 <u>114,651</u>
 Cash and cash equivalents – December 31, 2009		 <u>\$ 110,823</u>

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

FINANCO SECURITIES, LLC  
(a wholly owned subsidiary of Financo, Inc.)  
NOTES TO FINANCIAL STATEMENTS  
- DECEMBER 31, 2009

NOTE 1 ORGANIZATION AND BUSINESS

Financo Securities, LLC (the "Company"), a wholly owned subsidiary of Financo, Inc. (the "Parent"), was incorporated on December 9, 1999. The Company became a broker-dealer on March 1, 2004 and as such is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and is a member of the Financial Industry Regulatory Authority, Inc. (the "FINRA"). The Company provides investment banking services and financial advisory and capital-raising services, principally related to merger and acquisition advice and equity private placements. The Company does not carry securities accounts for customers or perform custodial functions relating to customer securities and claims exemption from SEC Rule 15c3-3, pursuant to paragraph (k)(2)(i).

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents consist of cash held at a major financial institution.

Revenue recognition

Revenues and expenses related to investment banking activities are recorded on an accrual basis when earned and incurred, respectively.

Income taxes

As a single member limited liability company, the Company does not incur any liability for federal and state income taxes since all income, deductions and credits are reportable by its member.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.



FINANCO SECURITIES, LLC  
(a wholly owned subsidiary of Financo, Inc.)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(continued)

NOTE 3      FAIR VALUE MEASUREMENTS

Fair Value Measurement – Definition and Hierarchy

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures (formerly FASB Statement 157, Fair Value measurements) establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels explained below:

Level 1 Valuations based on quoted prices available in active markets for identical investments.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Company's assets and liabilities recorded at fair value are categorized based upon a fair value hierarchy in accordance with ASC 820 at December 31, 2009.

At December 31, 2009, the Company had investments in securities in the aggregate amount of \$199,282 which were valued using Level 1 inputs.

Valuation Techniques

The Company values investments in equity securities that are freely tradable and are listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the period.

The Company's policy is to value equities traded "over-the-counter" ("OTC") for which no sale was reported on the measurement date, at their last reported "bid" price if held long, and last reported "ask" price if sold short. The Company's policy is to value equities traded "over-the-counter" ("OTC") for which no sale was reported on the measurement date, within their last reported "bid-ask" range.

FINANCO SECURITIES, LLC  
(a wholly owned subsidiary of Financo, Inc.)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(continued)

NOTE 4 NET CAPITAL REQUIREMENT

As a broker-dealer registered with the SEC and the FINRA the Company is subject to the SEC Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 times net capital. At December 31, 2009, the Company had net capital of \$251,025, which was \$246,025 in excess of the required minimum net capital of \$ 5,000.

NOTE 5 RELATED PARTY TRANSACTIONS

The Parent pays certain expenses (rent, office supplies, salaries, travel, postage, telephone and consulting fees) on behalf of the Company and charges the Company a monthly management fee representing its share of such expenses. Management fees amounted to \$1,830,551 for the year ended December 31, 2009.

**SUPPLEMENTARY INFORMATION**

FINANCO SECURITIES, LLC  
(a wholly owned subsidiary of Financo, Inc.)  
COMPUTATION OF NET CAPITAL PURSUANT TO  
UNIFORM NET CAPITAL RULE 15c3-1  
DECEMBER 31, 2009

Credits:	
Member's equity	\$ 1,091,140
Debits:	
Nonallowable assets	
Due from affiliate	<u>810,223</u>
Net Capital Before Haircuts on Securities	280,917
Haircuts on Securities	<u>29,892</u>
Net capital	251,025
Minimum net capital requirement	<u>5,000</u>
Excess of net capital	<u>\$ 246,025</u>
Aggregate indebtedness – accrued expenses	<u>\$ 29,188</u>
Ratio of aggregate indebtedness to net capital	<u>.12 to 1</u>
Reconciliation with the Company's computation (included in Part II A of Form X-17a-5 as of December 31, 2009)	
Net Capital, as Reported in the Company's initial filing of the unaudited, FOCUS, X-17a-5 Part IIA as of December 31, 2009)	\$ 276,931
Adjustment:	
Increase in haircuts on securities	<u>(25,906)</u>
Net Capital per Above	<u>\$ 251,025</u>

FINANCO SECURITIES, LLC  
(a wholly owned subsidiary of Financo, Inc.)  
COMPUTATION FOR DETERMINATION OF THE RESERVE REQUIREMENTS  
AND INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS  
FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-3  
DECEMBER 31, 2009

The Company is exempt from the provisions of Rule 15c3-3 under paragraph (k) (2) (i) in that the Company carries no accounts, does not hold funds or securities for or owe money or securities to customers. Accordingly, there are no items to report under the requirements of this Rule

**SUPPLEMENTARY REPORTS  
OF INDEPENDENT AUDITORS**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED  
BY SECURITIES AND EXCHANGE COMMISSION RULE 17a-5**

To the Member of  
Financo Securities, LLC:

In planning and performing our audit of the financial statements and supplementary information of Financo 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 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:

- Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13.
- 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.
- Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers 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 practice 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 accounting principles generally accepted 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, error or fraud may occur and not be detected. Also, projection or 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.

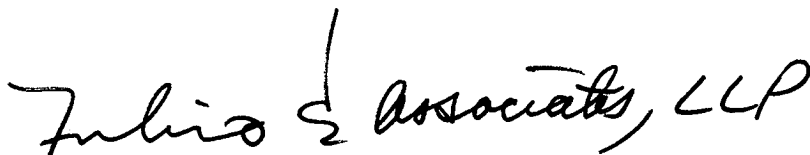
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control 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 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 purpose 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 information and use of management, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, Inc. 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 those specified parties.

Handwritten signature in black ink that reads "Julius & Associates, LLP". The signature is written in a cursive, flowing style.

New York, New York  
February 19, 2010



**INDEPENDENT AUDITORS' REPORT ON THE SIPC ANNUAL ASSESSMENT  
REQUIRED BY SECURITY AND EXCHANGE COMMISSION RULE 17a-5**

To the Member of  
Financo Securities, LLC:

In accordance with rule 17a-5(e)(4) of the Securities Exchange Act of 1934, we have performed the following procedures with respect to the accompanying schedule of Securities Investor Protection Corporation assessments and payments of Financo Securities, LLC for the year ended December 31, 2009. Our procedures were solely to assist you in complying with rule 17a-5(e)(4), and our report is not to be used for any other purpose. The procedures we performed are as follows:

1. Compared listed assessment payments with respective cash disbursement records entries;
2. Compared amounts reported on the unaudited Form X-17a-5 for the period April 1, 2009 to December 31, 2009, with the amounts reported in the General Assessment Reconciliation (Form SIPC-7T);
3. Compared any adjustments reported in Form SIPC-7T with supporting schedules and working papers;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules and working papers supporting adjustments; and
5. Compared the amount of any overpayment applied with the Form SIPC-7T on which it was computed.

Because the above procedures do not constitute an audit made in accordance with auditing standards generally accepted in the United States of America, we do not express an opinion on the schedule referred to above. In connection with procedures referred to above, nothing came to our attention that caused us to believe that the amounts shown on Form SIPC-7T were not determined in accordance with applicable instructions and forms. This report relates only to the schedule referred to above and does not extend to any financial statements of Financo Securities, LLC taken as a whole.



New York, New York  
February 19, 2010

FINANCO SECURITIES, LLC  
(a wholly owned subsidiary of Financo, Inc.)  
SCHEDULE OF SECURITIES INVESTOR PROTECTION CORPORATION  
ASSESSMENTS AND PAYMENTS  
FROM JANUARY 1, 2009 TO DECEMBER 31 2009

	Date Paid	Payments	Annual Assessment per Report
SIPC - 4 General Assessment	December 31, 2008	\$ 150	\$ 150
SIPC - 6 General Assessment	June 30, 2009	-	-
SIPC - 7T General Assessment Reconciliation – nine months ended December 31, 2009	February. 19, 2010	<u>1,631</u>	<u>1,631</u>
Total		<u>\$1,781</u>	<u>\$1,781</u>