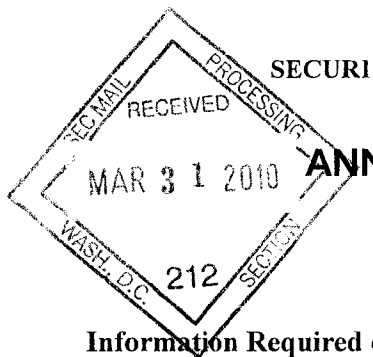




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SECURI 10035799 U.S. D.C. 20549

MISSION

OMB APPROVAL	
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Estimated average burden	
Hours per response	12.00

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

SEC FILE NUMBER
8- 33594

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:

**Empire Investment Inc.**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

**136 - 20 38th Avenue, Suite 9E**

(No. and Street)

**Flushing**

(City)

**New York**

(State)

**11354**

(Zip Code)

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

**Lian Huo Wu**

**(718) 445-2313**

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

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

**MaloneBailey LLP, Certified Public Accounting Firm**

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

**15 Maiden Lane, Suite 1003**

(Address)

**New York**

(City)

**New York**

(State)

**10038**

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

<b>FOR OFFICIAL USE ONLY</b>

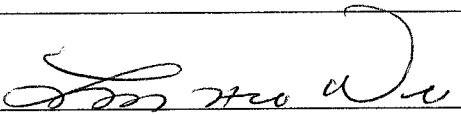
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2).

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.

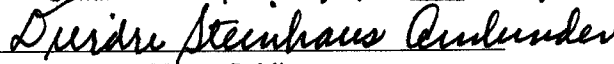
OATH OR AFFIRMATION

I, Lian Huo Wu, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Empire Investment Inc., 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:

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

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

DIERDRE STEINHAUS AINBINDER  
Notary Public, State of New York  
No. 01A14899711  
Qualified in Nassau County  
Commission Expires July 6, 20 11

  
\_\_\_\_\_  
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 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 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).

**EMPIRE INVESTMENT INC.**

Statement of Financial Condition

December 31, 2009

(With Independent Auditors' Report Thereon)

**EMPIRE INVESTMENT INC.**

**DECEMBER 31, 2009**

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# *MALONEBAILEY LLP*

*CERTIFIED PUBLIC ACCOUNTING FIRM*

*15 MAIDEN LANE - SUITE 1003 - NEW YORK, NY 10038 - TEL (212) 406-7272 - FAX (212) 513-1930*

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## INDEPENDENT AUDITORS' REPORT

To the Stockholder of  
Empire Investment Inc.  
Flushing, NY

We have audited the accompanying statement of financial condition of Empire Investment Inc. as of December 31, 2009. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Empire Investment Inc. as of December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.



MaloneBailey LLP  
Certified Public Accounting Firm  
New York, New York  
www.malonebailey.com  
March 30, 2010

**EMPIRE INVESTMENT INC.**

**STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2009**

**ASSETS**

Commission receivable (Note 5)	\$	18,823
Due from clearing broker (Note 5)		117,397
Securities owned, at market (Note 3)		31,384
Furniture, fixtures, equipment and leasehold improvements, (net of accumulated depreciation of \$15,220)		6,663
Due from stockholder, net		27,574
Deposits receivable		334
Other assets		<u>485</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u><u>202,660</u></u></b>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Accounts payable and accrued expenses	\$	18,769
Corporate tax payable		465
Bank overdraft		<u>3,213</u>
<b>TOTAL LIABILITIES</b>		<b>22,447</b>
Commitments and contingent liabilities (Note 4)		
Stockholder's equity		
Common stock, without par value, authorized 200 shares, issued and outstanding 30 shares		164,388
Paid-in capital		149,500
Retained earnings		<u>(133,675)</u>
<b>Total Stockholder's Equity</b>		<b><u>180,213</u></b>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>\$</b>	<b><u><u>202,660</u></u></b>

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

**EMPIRE INVESTMENT INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2009**

**NOTE 1- ORGANIZATION AND NATURE OF BUSINESS**

Organization

Empire Investment Inc. (the "Company") a New York State Corporation is registered as a broker-dealer with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority ("FINRA").

Nature of Business

The Company earns commission income by introducing and forwarding as a securities broker, transactions and customer accounts to another broker-dealer who carries such accounts on a fully disclosed basis.

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Revenue Recognition

Securities transactions and related revenues and expenses are recorded on a settlement date basis. Commission revenues are recorded on a settlement date basis.

Marketable securities owned by the Company are stated at quoted market values with unrealized gains and losses reflected in income.

Depreciation

The cost of furniture and equipment is depreciated over the estimated useful lives of the related assets using a double declining method. Leasehold improvements are depreciated over the life of the lease.

Cash and Cash Equivalents

All short-term investments with an original maturity of three months or less are considered to be cash equivalents.

Concentration of Credit Risk

The Company is engaged in various investment 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.

EMPIRE INVESTMENT INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company's 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.

Recent Accounting Pronouncements

The Company does not expect the adoption of recent accounting pronouncements to have any material impact on its financial condition or results of operations.

NOTE 3- FAIR VALUE OF INSTRUMENTS

Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction cost. Fair value measurement under generally accepted accounting principles provides for the use of a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available. Observable inputs reflect the assumptions that market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Company.

Level 3: Unobservable inputs. Unobservable inputs reflect the assumptions that the Company develops based on available information about what market participants would use in valuing the asset or liability.

The following are the Company's investments owned and securities sold short by level within the fair value hierarchy at December 31, 2009.

	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>
Marketable securities	\$ <u>31,384</u>	Level 1



**EMPIRE INVESTMENT INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2009**

**NOTE 4- COMMITMENTS AND CONTINGENCIES**

The Company entered into a lease for office space which will expire on December 31, 2010. The office facilities are leased from the stockholder of the Company. During 2009 the Company had \$60,000 in rent expense. Remaining commitments under the lease are as follows:

<u>Year ending December 31,</u> 2010	\$ <u>60,000</u>
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**NOTE 5- INCOME TAXES**

The Company elected "S Corporation" status with the Internal Revenue Service and state taxing authorities. The stockholder includes the "S Corporation" income or loss in his individual tax returns, and accordingly, no income taxes or benefits are provided for in the financial statements during the period of "S Corporation" status.

The Company has a New York City net operating loss carryforward of approximately \$137,000 which expires in 2029.

**NOTE 6- NET CAPITAL**

As a registered broker-dealer and member of the National Association of Securities Dealers, Inc., the Company is subject to Rule 15c3-1 of the Securities and Exchange Commission which requires that net capital, as defined, be at least the greater of \$5,000 or one-fifteenth of aggregate indebtedness, as defined, so long as the Company continues to be an Introducing Broker. Net capital changes from day to day, but as of December 31, 2009, the Company had net capital of \$138,741 which exceeded requirements by \$133,741, and the ratio of aggregate indebtedness to net capital was less than 1:1.

**EMPIRE INVESTMENT INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2009**

**NOTE 7- OFF BALANCE SHEET RISK**

Pursuant to a clearance agreement, the Company introduces all of its securities transactions to its sole clearing broker on a fully disclosed basis. Therefore, all of the customers' money balances and long and short security positions are carried on the books of the clearing broker. Under certain conditions as defined in the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing broker monitor collateral on the securities transactions introduced by the Company.

**NOTE 8- GUARANTEES**

FASB ASC 460-10, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460-10 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or non occurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. FASB ASC 460-10 also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of the indebtedness of others.

Indemnifications

In the normal course of its business, the Company indemnifies and guarantees certain service providers, such as clearing and custody agents, trustees and administrators, against specified potential losses in connection with their acting as an agent of, or providing services to, the Company or its affiliates. The maximum potential amount of future payments that the Company could be required to make under the indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

**EMPIRE INVESTMENT INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2009**

**NOTE 8- GUARANTEES (continued)**

The Company provides representations and warranties to counterparties in connection with a variety of commercial transactions and occasionally indemnifies them against potential losses caused by the breach of those representations and warranties. The Company may also provide standard indemnifications to some counterparties to protect them in the event additional taxes are owed or payments are withheld, due either to a change in or adverse application of certain tax laws. These indemnifications generally are standard contractual terms and are entered into in the normal course of business. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the consolidated financial statements for these indemnifications.

**NOTE 9- RELATED PARTY TRANSACTIONS**

The Company leases office space from the stockholder of the Company (See Note 4). The President owes the Company \$85,574 and the Company owes the President \$58,000 for rent, resulting in net due from related party of \$27,574.

**NOTE 10- SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through March 29, 2010, the date that its financial statements were ready to be issued. The Company believes that there are no subsequent events requiring further disclosure.