

SEC Mail Processing  
Section

SECU



10035862

MISSION

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

MAR 01 2010

Washington, DC  
110

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

SEC FILE NUMBER
8-65604

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: Glendale Securities, Inc.

OFFICIAL USE ONLY

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

FIRM I.D. NO.

15233 Ventura Boulevard, Suite 712

(No. and Street)

Sherman Oaks

CA

91403

(City)

(State)

(Zip Code)

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

Eric Flesche

818-907-1505

(Area Code - Telephone Number)

### B. ACCOUNTANT IDENTIFICATION

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

Elizabeth Tractenberg, CPA

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

3832 Shannon Road

Los Angeles

CA

90027

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**FOR OFFICIAL USE ONLY**

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

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.

American LegalNet, Inc  
www.FirmsWorkflow.com

OATH OR AFFIRMATION

I, Eric Flesche, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Glendale 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:

None

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } SS

[Handwritten signature of Notary Public]

Notary Public

Sworn to me on

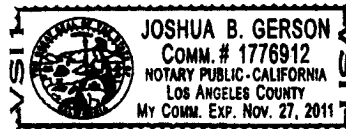
26 FEB 2010

[Handwritten signature of Paul W. D.]

Signature

CFO

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.
(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).

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C.

ANNUAL AUDIT REPORT

DATE - DECEMBER 31, 2009

GLENDAL SECURITIES, INC.

## CONTENTS

### PART I

Independent Auditor's Report	1
Statement of Financial Condition	2
Statement of Operations	3
Statement of Changes in Stockholders' Equity	4
Statement of Changes in Financial Condition	5
Notes to Financial Statements	6 - 7

### SUPPLEMENTARY INFORMATION

Schedule I - Computation of Net Capital Requirements Pursuant to Rule 15c3-1	8
Schedule II – Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3	9
Schedule III – Information Relating to Possession or Control Requirements Under Rule 15c3-3	10

### PART II

Statement of Internal Control	11-12
-------------------------------	-------

### PART III

SIPC Supplemental Report	13-14
--------------------------	-------

**Elizabeth Tractenberg, CPA**  
3832 SHANNON ROAD  
LOS ANGELES, CALIFORNIA 90027  
323/669-0545 – Fax 323/669-0575  
elizabeth@tractenberg.net

INDEPENDENT AUDITOR'S REPORT

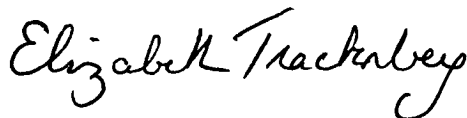
Board of Directors  
Glendale Securities, Inc.  
Sherman Oaks, California

I have audited the accompanying statement of financial condition of Glendale Securities, Inc. (the Company) as of December 31, 2009 and related statements of operations, changes in financial condition, and changes in stockholders' equity for the year then ended. These financial statements are being filed pursuant to Rule 17a-5 of the Securities Exchange Act of 1934 and include the supplemental schedule of the net capital computation required by rule 15c3-1. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, such financial statements referred to above present fairly, in all material respects, the financial condition of the Company as of December 31, 2009 and the results of its operations, changes in financial condition and stockholders' equity for the year then ended in conformity with accounting principles generally accepted in the United States.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II and III 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 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Elizabeth Tractenberg, CPA  
Los Angeles, California  
February 1, 2010

GLENDALE SECURITIES, INC.  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2009

Assets

Cash	\$ 217,864
Clearing broker deposit	253,243
Commissions receivable	310,081
Other receivable	13,118
Inventory position	543,366
Prepaid expenses	1,477
Deposits	<u>10,886</u>
 Total Assets	 <u><u>\$ 1,350,035</u></u>

Liabilities and Stockholders' Equity

Liabilities	
Accrued expenses	\$ 106,876
Accrued income taxes	139,029
Commissions payable	64,928
Trading payable	<u>329,118</u>
 Total Liabilities	 <u>639,951</u>
 Stockholders' Equity	
Common stock (\$1 par value, 100,000 shares authorized, 100,000 shares issued and outstanding)	\$ 100,005
Paid-in capital	10,000
Retained earnings	<u>600,079</u>
	<u>710,084</u>
 Total Liabilities and Stockholders' Equity	 <u><u>\$ 1,350,035</u></u>

See Accompanying Notes to Financial Statements

GLENDALE SECURITIES, INC.  
STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2009

REVENUES

Commissions income	\$ 897,542
Broker fees	94,123
Interest income	28,362
Mutual fund income	70,315
Trading income - realized	438,515
Trading income - unrealized	145,659
Other income	<u>133,040</u>
TOTAL REVENUES	<u>1,807,556</u>

DIRECT COSTS

Broker expenses and payout	503,456
Access charges	243,637
Ticket charges	41,125
Computer fees	<u>7,676</u>
TOTAL DIRECT COSTS	<u>795,894</u>

GROSS PROFITS 1,011,662

EXPENSES

DITC charges	10,775
Insurance	17,341
Management fees	185,349
Office supplies	17,647
Parking	9,182
Payroll and related expenses	249,798
Postage	14,417
Professional expenses	33,533
Regulatory fees	23,319
Regulatory consulting	16,603
Rent	59,919
Telephone	13,506
Travel and entertainment	9,030
All other expenses	<u>1,662</u>
TOTAL EXPENSES	<u>662,081</u>

INCOME BEFORE TAX PROVISION 349,581

INCOME TAX PROVISION 143,560

NET INCOME \$ 206,021

See Accompanying Notes to Financial Statements

GLENDALE SECURITIES, INC.  
 STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Common Stock Shares		Common Stock		Contributed Capital		Retained Earnings		Total
	<u>          </u>		<u>          </u>		<u>          </u>		<u>          </u>		<u>          </u>
December 31, 2008	100,000	\$	100,005	\$	10,000	\$	394,058	\$	504,063
Net Income	<u>          </u>		<u>          </u>		<u>          </u>		206,021		<u>206,021</u>
December 31, 2009	<u>100,000</u>	\$	<u>100,005</u>	\$	<u>10,000</u>	\$	<u>600,079</u>	\$	<u>710,084</u>

See Accompanying Notes to Financial Statements



GLENDALE SECURITIES, INC.  
STATEMENT OF CHANGES IN FINANCIAL CONDITION  
FOR THE YEAR ENDED DECEMBER 31, 2009

Cash Flows from Operating Activities:	
Net income	\$ 206,021
Changes in operating assets and liabilities:	
Accounts receivable	(216,577)
Other receivable	(1,306)
Clearing broker deposit	(3,186)
Broker advance	0
Prepaid expenses	(713)
Rental deposit	(1,466)
Accrued expenses	93,807
Accrued taxes	139,029
Commissions payable	35,777
Trading payable	<u>82,385</u>
Net cash provided in operating activities	333,771
Cash Flows from Investing Activities:	
Investment in securities	<u>(299,757)</u>
Cash Flows for Investing Activities	<u>(299,757)</u>
Cash Flows for Financing Activities:	
	<u>0</u>
Net increase in cash	34,014
Cash at beginning of year	<u>183,850</u>
Cash at end of year	<u>\$ 217,864</u>

SUPPLEMENTAL INFORMATION

Interest paid	<u>\$ 0</u>
Income taxes paid	<u>\$ 4,532</u>

See Accompanying Notes to Financial Statements

GLENDALE SECURITIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009

NOTE 1 - NATURE OF BUSINESS

Glendale Securities, Inc., (the "Company") was incorporated in the State of California on August 19, 2002 and is registered with the Securities and Exchange Commission as a broker-dealer in securities. On January 9, 2003, the Company became registered as a broker-dealer with FINRA. The Company is primarily engaged in general securities trading of domestic and international equities. The Company has one location in Southern California.

The Company does not hold customers' funds or securities. As a result, the Company is exempt from certain provisions and requirements of the Securities Exchange Commission.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Revenue Recognition** - The Company recognizes revenue upon rendering of services.

**Property, Equipment and Depreciation** - Property and equipment are carried at cost. Depreciation is calculated on the straight-line method over estimated economic lives which are generally five years.

**Income taxes** - Income taxes are provided based on earnings reported for financial statement purposes. In accordance with FASB Statement No. 109, the asset and liability method requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between tax basis and financial reporting basis of assets and liabilities

**Investments** - Investments in securities are valued at market.

**Use of estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GLENDALE SECURITIES, INC.  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2009

NOTE 3 - NET CAPITAL REQUIREMENT

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital (\$100,000), as defined, under such provisions. See page 9 for the computation of net capital.

NOTE 4 - INCOME TAXES

The Company's fiscal year ends December 31, 2009. The Company will file an income tax return on the accrual basis. The provision for income taxes for the year consists of the following:

Federal	\$ 111,637
State	<u>31,923</u>
	<u>\$ 143,560</u>

NOTE 5 - OFF BALANCE-SHEET RISK

The customers' securities transactions are introduced on a fully disclosed basis with its clearing broker-dealer. The clearing broker-dealer carries all of the accounts of the customers of the Company and is responsible for execution, collection and payment of funds, and receipt and delivery of securities relative to customers' transactions. Off balance-sheet risk exists with respect to these transactions due to the possibility that a customer may charge any losses it incurs to the Company. The Company seeks to minimize this risk through procedures designed to monitor the credit worthiness of its customers and to ensure that customer transactions are executed properly by the clearing broker-dealer.

NOTE 6 - CONTINGENT LIABILITIES

The Company was notified by the Financial Industry Regulation Authority (FINRA) for failure to follow the Anti Money Laundering rules. It is anticipated that the Company may be fined up to \$30,000. Since the matter has not yet been resolved and the Company is fighting vigorously the FINRA complaint against it, this potential liability has not been recorded in the financial statements as of December 31 2009.

GLENDALE SECURITIES, INC.  
 COMPUTATION OF NET CAPITAL REQUIREMENTS PURSUANT  
 TO RULE 15c3-1  
 DECEMBER 31, 2009

Computation of Net Capital

Total ownership equity from statement of financial condition		\$ 710,084
Non allowable assets		
Other receivable	\$ 13,118	
Prepaid expenses	1,477	
Rental deposits	<u>10,886</u>	(25,481)
Haircuts		(78,907)
Haircuts - undue concentration		(26,654)
Haircuts - other		<u>(2,698)</u>
Net Capital		<u>\$ 576,344</u>

Computation of Net Capital Requirements

Minimum net aggregate indebtedness - 6-2/3% of net aggregate indebtedness		<u>\$ 42,664</u>
Minimum dollar net capital required		<u>\$ 100,000</u>
Net Capital required (greater of above amounts)		\$ 100,000
Excess Capital		<u>\$ 476,344</u>

Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)		<u>\$ 512,348</u>
---	--	-------------------

Computation of Aggregate Indebtedness

Total liabilities net of deferred income taxes payable and deferred income		<u>\$ 639,951</u>
Percentage of aggregate indebtedness to net capital		111%

The following is a reconciliation of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 179-5(d)(4):

Net Capital Per Company's Computation		\$ 538,802
Variance -		
Accounts receivable write off		(9,000)
Audit adjustments - reduced liabilities		<u>46,542</u>
Net Capital Per Audited Report		<u>\$ 576,344</u>

See Accompanying Notes to Financial Statements

GLENDALE SECURITIES, INC.  
SCHEDULE II – COMPUTATION FOR DETERMINATION OF RESERVE  
REQUIREMENTS PURSUANT TO RULE 15c3-3  
AS OF DECEMBER 31, 2009

A computation of reserve requirement is not applicable to Glendale Securities, Inc. as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (ii).

GLENDALE SECURITIES, INC.  
SCHEDULE III – INFORMATION RELATING TO POSSESSION OR CONTROL  
REQUIREMENTS UNDER RULE 15c3-3  
AS OF DECEMBER 31, 2009

Information relating to possession or control requirements is not applicable to Glendale Securities, Inc. as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (ii).

**Elizabeth Tractenberg, CPA**

3832 SHANNON ROAD  
LOS ANGELES, CALIFORNIA 90027  
323/669-0545 – Fax 323/669-0575  
elizabeth@tractenberg.net

**PART II**

**Independent Auditor's Report  
on Internal Accounting Control Required by SEC Rule 17a-5**

Board of Directors  
Glendale Securities, Inc.  
Sherman Oaks, California

In planning and performing my audit of the financial statements and supplemental schedules of Glendale Securities, Inc. (the Company) for the year ended December 31, 2009, I considered its internal control, including control activities for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), I have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that I 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-5(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, I 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.
2. Recordation of differences required by Rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board 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 171-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Board of Directors  
Glendale Securities, Inc.  
Sherman Oaks, California

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 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.

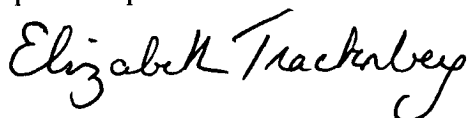
A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control 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.

My 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. I did not identify any deficiencies in internal control and control activities for safeguarding securities that I consider to be material weaknesses, as defined above.

I 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 my study, I believe that the Company's practices and procedures were adequate on 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, FINRA, 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 for anyone other than these specified parties.



Elizabeth Tractenberg, CPA  
Los Angeles, California  
February 1, 2010



# **Elizabeth Tractenberg, CPA**

**3832 SHANNON ROAD  
LOS ANGELES, CALIFORNIA 90027  
323/669-0545 – Fax 323/669-0575  
elizabeth@tractenberg.net**

## PART III

### SIPC Supplemental Report Pursuant to SEC Rule 17a-5(e)(4)

Board of Directors  
Glendale Securities, Inc.  
Sherman Oaks, California

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, I have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments (Transitional Assessment Reconciliation (Form SIPC-7T)) to the Securities Investor Protection Corporation (SIPC) for the Year Ended December 31, 2009, which were agreed to by Glendale Securities, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC solely to assist you and the other specified parties in evaluating Glendale Securities, Inc.'s compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7T).

Glendale Securities, Inc.'s management is responsible for the Glendale Securities, Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures I performed and my findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7T with respective cash disbursement records entries to the check register and compared to the copy of the cancelled checks dated January 19, 2009 and August 7, 2009 and noting no differences.
2. Reviewed the completed form SIPC-7T - Determination of "SIPC Net Operating Revenues" and General Assessment form as follows:
  - a. Compared Item No. 2a Total Revenue for the three quarters ending December 31, 2009 to the Focus Report line 12/Part IIA line 9, Code 4030 noting no differences.
  - b. Compared Item No. 2c Deductions to the financial statements for the three quarters ending December 31, 2009 noting no differences.
  - c. Reviewed computation of Item No. 2d SIPC Net Operating Revenues and Item No. 2e General Assessment noting no differences.

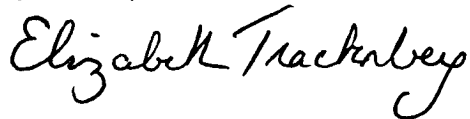
Board of Directors  
Glendale Securities, Inc.  
Sherman Oaks, California

SIPC Supplemental Report page 2

3. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules and working papers as noted in section 2 above, noting no differences.
4. Compared the amount due to SIPC to the amount to be accrued as of December 31, 2009 finding noted no difference. Reviewed a copy of the check issued to SIPC February 26, 2010, no difference.

I was not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Elizabeth Tractenberg". The signature is written in a cursive, flowing style.

Elizabeth Tractenberg, CPA  
Los Angeles, California  
February 1, 2010