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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

SEC FILE NUMBER
8-46802

**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: Investment Distributors, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

2801 Highway 280 South

(No. and Street)

Birmingham

AL

35223

(City)

(State)

(Zip Code)

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

Thomas R. Barrett

205-268-6705

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PricewaterhouseCoopers

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

1901 Sixth Avenue North, Suite 1600

Birmingham

Alabama

35203

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

SEC
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Section

MAR 01 2010

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*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.

OATH OR AFFIRMATION

I, Thomas R. Barrett, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Investment Distributors. 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:

Thomas R. Barrett
Signature

Financial and Operations Principal
Title

Michael S. Seal
Notary Public

NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: May 22, 2010
BONDED THROUGH NOTARY PUBLIC UNDERWRITERS

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).

Investment Distributors, Inc.
(a wholly owned subsidiary of Protective Life Corporation)
Index
December 31, 2009

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Report of Independent Auditors

To the Board of Directors and Stockholder of
Investment Distributors, Inc.

In our opinion, the accompanying statement of financial condition and related statements of operations, of changes in stockholder's equity, and of cash flows present fairly, in all material respects, the financial position of Investment Distributors, Inc. (the "Company"), a wholly owned subsidiary of Protective Life Corporation, at 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. 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 of these statements 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our 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 and II 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 our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

February 26, 2010

Investment Distributors, Inc.
(a wholly owned subsidiary of Protective Life Corporation)
Statement of Financial Condition
December 31, 2009

Assets

Cash and cash equivalents	\$ 1,859,237
Commissions receivable	1,113,898
State income tax receivable	85,042
Receivable from agents	264,912
Other receivables	<u>368,375</u>
Total assets	<u>\$ 3,691,464</u>

Liabilities and Stockholder's Equity

Liabilities

Commissions payable	\$ 1,113,898
Due to affiliates	<u>724,205</u>
Total liabilities	1,838,103

Stockholder's equity

Common stock, \$1.00 par value; 25,000 shares authorized, 1,000 shares issued and outstanding	1,000
Additional paid-in capital	749,000
Retained earnings	<u>1,103,361</u>
Total stockholder's equity	<u>1,853,361</u>
Total liabilities and stockholder's equity	<u>\$ 3,691,464</u>

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

Investment Distributors, Inc.
(a wholly owned subsidiary of Protective Life Corporation)
Statement of Operations
Year Ended December 31, 2009

Revenues	
Commissions	\$ 54,697,879
Interest income	1,698
Total revenues	<u>54,699,577</u>
Expenses	
Commissions	53,109,903
Other expenses	308,207
Total expenses	<u>53,418,110</u>
Income before provision for income tax expense	1,281,467
Provision for income tax expense	547,192
Net income	<u>\$ 734,275</u>

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

Investment Distributors, Inc.
(a wholly owned subsidiary of Protective Life Corporation)
Statement of Changes in Stockholder's Equity
Year Ended December 31, 2009

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-in</u>	<u>Earnings</u>	<u>Stockholder's</u>
			<u>Capital</u>		<u>Equity</u>
Balance at January 1, 2009	1,000	\$ 1,000	\$ 749,000	\$ 619,086	\$ 1,369,086
Net income				734,275	734,275
Dividends paid, \$250 per share				(250,000)	(250,000)
Balance at December 31, 2009	<u>1,000</u>	<u>\$ 1,000</u>	<u>\$ 749,000</u>	<u>\$ 1,103,361</u>	<u>\$ 1,853,361</u>

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

Investment Distributors, Inc.
(a wholly owned subsidiary of Protective Life Corporation)
Statement of Cash Flows
Year Ended December 31, 2009

Cash flows from operating activities

Net income	\$ 734,275
Adjustments to reconcile net income to net cash provided by operating activities	
Changes in assets and liabilities	
Commissions receivable	(382,511)
State income tax receivable	16,711
Other receivables	1,633
Commissions payable	382,511
Due to affiliates	<u>(91,243)</u>
Net cash provided by operating activities	<u>661,376</u>

Cash flows from financing activities

Cash dividends paid to affiliate	<u>(250,000)</u>
Net cash used in financing activities	<u>(250,000)</u>
Net increase in cash and cash equivalents	411,376

Cash and cash equivalents

Beginning of year	<u>1,447,861</u>
End of year	<u>\$ 1,859,237</u>

Supplemental disclosure of cash flow information

Cash paid for income taxes	<u>\$ 424,330</u>
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The accompanying notes are an integral part of these financial statements.

Investment Distributors, Inc.
(a wholly owned subsidiary of Protective Life Corporation)
Notes to financial statements
December 31, 2009

1. General

On August 18, 1993, Investment Distributors, Inc. (the "Company") was incorporated under the laws of the State of Tennessee. The Company is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company is wholly owned by Protective Life Corporation ("PLC") and serves as a best efforts underwriter for registered products issued by Protective Life Insurance Company (a subsidiary of PLC) ("PLICO") and Protective Life and Annuity Insurance Company (a subsidiary of PLICO) ("PLAIC"). These products include variable annuities and modified guaranteed annuities issued by PLICO and PLAIC, along with variable universal life products issued by PLICO.

2. Significant Accounting Policies

Basis of Presentation

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America which require 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.

Cash and Cash Equivalents

Cash and cash equivalents include interest-bearing demand deposit accounts and are considered highly liquid instruments. The carrying amounts reported in the statement of financial condition for these financial instruments approximate their fair values (as defined by the Accounting Standards Codification ("ASC") Fair Value Measurement and Disclosure Topic) due to their short-term nature. Cash and cash equivalents are classified as Level 1 in accordance with the requirements of the ASC Fair Value Measurement and Disclosure Topic.

Interest Income

Interest income was primarily generated through interest earned on a interest-bearing demand deposit account and was accounted for on the accrual method.

Recognition of Commissions Revenue and Expense

Commission revenue and expense is recognized when the underlying contracts have been issued. The Company recognizes 12b-1 fees, a marketing and distribution fee from mutual funds, when earned. The Company recognized \$1,587,976 in 12b-1 fees in 2009.

Other Receivables

Other receivables are comprised primarily of advances to the Company's representatives and accrued commissions receivable, including 12b-1 fees.

Income Taxes

The results of operations of the Company are included in the consolidated federal and state income tax returns of PLC. The Company utilizes the asset and liability method in accordance with the ASC Income Taxes Topic. Under a tax allocation agreement, PLC allocates current and deferred taxes to each member as if it were a separate taxpayer.

Investment Distributors, Inc.
(a wholly owned subsidiary of Protective Life Corporation)
Notes to financial statements
December 31, 2009

Concentration of Credit Risk

The Company maintains depository accounts with certain financial institutions. Although the account balances exceed federally insured depository limits, the Company has evaluated the credit worthiness of these applicable financial institutions and determined the risk of material financial loss due to exposure from credit risk to be minimal.

3. Related Parties

As principal underwriter of the registered life and annuity products of affiliated life insurance companies, the Company enters into selling agreements with multiple broker-dealers on a best efforts basis. Each selling firm is paid commissions on products sold and the affiliated life insurance company reimburses the Company for these commissions. PLC coordinates, expedites, and disburses these commissions on behalf of the Company and provides corporate accounting services, general ledger services, and staffing and administrative services to carry out the duties and functions of the Company.

In accordance with an administrative services agreement, the Company receives management and administrative services from PLC, including allocations for various overhead costs. The Company recognized approximately \$76,650 of related expenses in 2009.

Amounts due to/from affiliates, as disclosed on the statement of financial condition, arise from these transactions as well as income taxes payable under the tax allocation agreement with PLC.

The Company earned all of its commissions, excluding 12b-1 fees of \$1,587,976 from affiliated life insurance companies during the year ended December 31, 2009.

Dividends of \$250,000 were paid during the year ended December 31, 2009.

4. Income Taxes

There were no temporary differences at December 31, 2009, and therefore, no resulting deferred tax assets or liabilities.

The income tax expense for the year ended December 31, 2009 was as follows:

Federal		
Current	\$	439,381
State		
Current	\$	107,811
	\$	<u>547,192</u>

The actual income tax expense for 2009 differed from the expected tax expense primarily due to state taxes as displayed below. Expected tax expense was computed by multiplying the U.S. federal income tax rate of 35% to income before income tax expense.

Investment Distributors, Inc.
(a wholly owned subsidiary of Protective Life Corporation)
Notes to financial statements
December 31, 2009

Computed expected tax expense	\$ 448,513
Differences between expected and actual tax	
State tax, net of federal benefit	70,077
Non-deductible expenses	28,291
Other	311
	<hr/>
Total actual tax expense	\$ 547,192

Included in the "Due to affiliates" on the accompanying financial statements is the current income taxes payable of \$439,070 at December 31, 2009, respectively.

Using the information available as of December 31, 2009, the Company believes that in the next 12 months, there are no positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease. In general, the Company is no longer subject to U.S. federal, state and local income tax examinations by taxing authorities for the tax years that began before 2005.

5. Regulatory Requirements

The Company is subject to the SEC's Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital (as defined) and requires that the ratio of aggregate indebtedness (as defined) to net capital shall not exceed 15 to 1. At December 31, 2009, the Company had computed net capital of \$1,135,032, which was \$1,012,492 in excess of its minimum required net capital of \$122,540. The Company's computed ratio of aggregate indebtedness to net capital at December 31, 2009 was 1.62 to 1. The Company claims exemption from Rule 15c3-3 under Paragraph (k)(2)(i) as customer transactions are limited to those involving redeemable securities of registered insurance companies and interests in insurance company separate accounts.

6. Commitments and Contingencies

A number of civil jury or arbitration verdicts have been returned against companies in the jurisdictions in which the Company does business, involving sales practices of representatives, alleged misconduct, and other matters. Increasingly, these lawsuits have resulted in the awarding of substantial judgments against these companies that are disproportionate to the actual damages, including material amounts of punitive damages. In some states, juries or arbitrators have substantial discretion in awarding punitive damages which creates the potential for unpredictable, material, adverse judgments in any given punitive damage suit. The Company, like other brokers and dealers, in the ordinary course of business, is from time to time involved in such matters. Although the outcome of any such matter cannot be predicted with certainty, the Company believes that at the present time there are no pending or threatened matters that are reasonably likely to have a material adverse effect on the financial position, results of operations, or liquidity of the Company.

7. Subsequent Events

The Company has evaluated events subsequent to December 31, 2009, and through the financial statement issuance date of February 26, 2010. The Company has not evaluated subsequent events after that date for presentation in these financial statements.

Investment Distributors, Inc.
(a wholly owned subsidiary of Protective Life Corporation)
Computation of Net Capital Pursuant to Rule 15c3-1 of the Securities and
Exchange Commission
December 31, 2009

Schedule I

Net Capital	
Total stockholder's equity	\$ 1,853,361
Deductions and/or charges	
Non-allowable receivables	(718,329)
Net capital	<u>1,135,032</u>
Aggregate Indebtedness	
Items included in statement of financial condition	
Commissions payable	1,113,898
Due to affiliates	724,205
Aggregate Indebtedness	<u>1,838,103</u>
Computation of Basic Net Capital Requirement	
Greater of 6-2/3% of aggregate indebtedness or \$5,000	\$ 122,540
Excess net capital (net capital, less net capital requirement)	<u>\$ 1,012,492</u>
Ratio: Aggregate indebtedness to net capital	<u>1.62 to 1</u>

There were no material differences between the above computation of net capital pursuant to Rule 15c3-1 and that filed with the Company's unaudited December 31, 2009 FOCUS Report.

Investment Distributors, Inc.
(a wholly owned subsidiary of Protective Life Corporation)
Computation for Determination of Reserve Requirements and
Information Relating to Possession or Control Requirements Under Rule 15c3-3
of the Securities and Exchange Commission
December 31, 2009 **Schedule II**

Exemption Under Section (k)(2)(i) has been Claimed

The Company is not required to file the above schedule as it is exempt from the Securities and Exchange Commission Rule 15c3-3 (SEC Rule 15c3-3) under Paragraph (k)(2)(i), as customer transactions are limited to those involving redeemable securities of registered insurance companies and interests in insurance company separate accounts.

The Company has complied with the above exemptive provisions of SEC Rule 15c3-3.

**Report of Independent Auditors
on Internal Control Required By SEC Rule 17a-5**

To the Board of Directors and Management of
Investment Distributors, Inc.

In planning and performing our audit of the financial statements of Investment Distributors, Inc. (the "Company"), a wholly owned subsidiary of Protective Life Corporation, 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 (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 (the "SEC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), in making the following:

1. The periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11);
2. 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 the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 71a-13; and
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to

provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, 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, second, and third 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 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, the Financial Industry Regulatory Authority, 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.

PriceWaterhouseCoopers LLP

February 26, 2010

Investment Distributors, Inc.

**(a wholly owned subsidiary of
Protective Life Corporation)**

**Financial Statements and Supplementary
Information**

Pursuant to SEC Rule 17a-5

December 31, 2009