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

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



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

SEC FILE NUMBER  
8-65792

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: First Ballantyne, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
13950 Ballantyne Corporate Place, suite 185  
(No. and Street)  
Charlotte NC 28277  
(City) (State) (Zip Code)

OFFICIAL USE ONLY  
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Mark H. Goodson 704-927-2939  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Scharf Pera & Co., PLLC  
(Name - if individual, state last, first, middle name)  
4600 Park Road, Ste 112 Charlotte NC 28209  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

SECURITIES AND EXCHANGE COMMISSION  
RECEIVED  
MAR 1 2010  
BRANCH OF REGISTRATIONS  
AND  
EXAMINATIONS  
04

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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)

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OATH OR AFFIRMATION

I, Mark H. Goodson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of First Ballantyne, 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:

None

Mark H. Goodson  
Signature

Chief Financial Officer / FINOP  
Title

Jean A West  
Notary Public

my commission expires March 20, 2012

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.~~ cash Flows
- (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).

4600 Park Road, Suite 112  
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704 372-1167  
704 377-3259 fax  
scharfpera.com

## Independent Auditors' Report

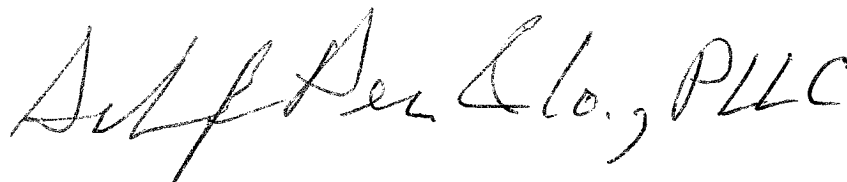
Managing Members  
First Ballantyne, LLC

We have audited the accompanying statement of financial condition of First Ballantyne, LLC 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 First Ballantyne, LLC as of December 31, 2009, 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 statement of financial condition taken as a whole. The information contained in Schedule I 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.



Scharf Pera & Co., PLLC  
Charlotte, North Carolina  
February 11, 2010

**FIRST BALLANTYNE, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2009**

**ASSETS**

Cash	\$ 496,778
Deposits with clearing organization (cash)	4,350,869
Receivables from clearing organization	6,936,454
Securities owned:	
Marketable, at market value	17,691,147
Furniture, equipment, and leasehold improvements, at cost, less accumulated depreciation of \$174,217	125,205
Other assets	<u>34,705</u>
	<u>\$ 29,635,158</u>

**LIABILITIES AND MEMBERS' EQUITY**

Liabilities:	
Payables to clearing organization	\$ 17,737,039
Securities sold, not yet purchased, at market value	3,579,711
Accounts payable, accrued expenses, and other liabilities	<u>215,500</u>
	21,532,250
Commitments and contingent liabilities	-
Members' equity	<u>8,102,908</u>
	<u>\$ 29,635,158</u>

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

**FIRST BALLANTYNE, LLC**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**Note 1 - Organization and Nature of Business:**

First Ballantyne, LLC (the "Company") was formed in the state of North Carolina in December 2002. The Company is a fixed-income trading organization that offers retail fixed-income trading desks, taxable debt products, investment ideas, support services and trade executions in fixed-income securities for financial professionals and the investing public. The Company is a broker-dealer registered with the Securities and Exchange Commission ("SEC"). The Company clears all customer transactions through another broker-dealer on a fully disclosed basis.

**Note 2 - Significant Accounting Policies:**

**Cash and cash equivalents:**

The Company considers all highly liquid investments having an original maturity of three months or less to be cash equivalents. Amounts invested may exceed federally insured limits at any given time.

**Security transactions:**

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities and commodities transactions entered into for the account and risk of the Company are recorded on a trade-date basis. Marketable securities are valued at market value.

**Income taxes:**

The Company is a limited liability company and has elected to be taxed under the partnership provision of the Internal Revenue Code. Under this provision, the members are taxed on the Company's taxable income. The Company bears no liability or expense for income taxes, and none is reflected in these financial statements. Similar provisions apply for state income taxes.

**Property and equipment:**

Property and equipment consists of computers, computer monitors and printers and are recorded at cost. Depreciation is recorded using the straight-line method over the estimated useful life of the asset.

**Note 2 - Significant Accounting Policies (continued):**

**Use of accounting estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures. Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

**Fair value of financial instruments:**

The Company's financial instruments include cash, accounts receivable, accounts payable, accrued expenses and other liabilities. The carrying amounts of these financial instruments approximate fair value due to their short maturities.

**Note 3 - Property and Equipment:**

The principal categories and estimated useful lives of property and equipment are as follows:

		Estimated Useful Lives
Office equipment	\$ 211,366	5 years
Furniture and fixtures	68,056	7 years
Leasehold improvements	20,000	life of lease
	<u>299,422</u>	
Less: accumulated depreciation	<u>(174,217)</u>	
	<u>\$ 125,205</u>	

**Note 4 - Receivable From and Payable to Clearing Organization:**

Amounts receivable from and payable to a clearing organization at December 31, 2009, consist of the following:

	<u>Receivable</u>	<u>Payable</u>
Deposits with clearing organization	\$ 4,350,869	\$ -
Receivable from clearing organization	6,936,454	-
Payable to clearing organization	-	17,737,039
	<u>\$ 11,287,323</u>	<u>\$ 17,737,039</u>

**Note 5 - Securities Owned and Sold, Not Yet Purchased:**

Marketable securities owned and sold, not yet purchased, consist of trading and investment securities at market values, as follows:

	<u>Owned</u>	<u>Sold, Not Yet Purchased</u>
Corporate bonds, debentures and notes	\$ 17,691,147	\$ 3,579,711

**Note 6 - Defined Contribution Plan:**

In 2004, the Company began a defined contribution retirement plan covering substantially all employees. Under this plan, the Company may make discretionary contributions.

**Note 7 - Financial Instruments with Off-Balance-Sheet Risk:**

The Company has sold securities that it does not currently own and will therefore be obligated to purchase such securities at a future date. The Company has recorded these obligations in the financial statements at December 31, 2009, at market values of the related securities and will incur a loss if the market value of the securities increases subsequent to December 31, 2009.

**Note 8 - Operating Leases:**

The Company has obligations under operating leases with initial noncancelable terms in excess of one year. Aggregate annual rentals for office space and equipment at December 31, 2009, are approximated below:

Year Ending December 31	
2010	\$ 214,504
2011	51,390
2012	-
2013	-
Thereafter	-
	<hr/>
	\$ 265,894
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**Note 9 - Net Capital Requirements:**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC 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 to 1 or a minimum net capital of \$100,000. At December 31, 2009, the company had net capital of \$5,677,818, which was \$5,577,818 in excess of its required net capital of \$100,000. The Company's aggregate indebtedness to net capital ratio was .038 to 1.



**FIRST BALLANTYNE, LLC**  
**SUPPLEMENTARY INFORMATION**  
**PURSUANT TO RULE 17A-5 OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**  
**AS OF DECEMBER 31, 2009**

The accompanying schedules are prepared in accordance with the requirements and general format of FOCUS Form X-17a-5.

**SCHEDULE I**  
**FIRST BALLANTYNE, LLC**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1 OF THE**  
**SECURITIES AND EXCHANGE COMMISSION**  
**AS OF DECEMBER 31, 2009**

Net capital:	
Total members' equity	\$ 8,102,908
Deduct members' equity not allowable for net capital	-
Total members' equity qualified for net capital	<u>8,102,908</u>
Add:	
Subordinated borrowings allowable in computation of net capital	-
Other deductions or allowable credits	-
Total capital and allowable subordinated borrowings	<u>8,102,908</u>
Deductions and/or charges:	
Nonallowable assets:	
Furniture, equipment, and leasehold improvements, net	\$ 125,205
Other assets	<u>34,705</u>
Deductions and/or charges	<u>(159,910)</u>
Net capital before haircuts on securities positions (tentative net capital)	7,942,998
Haircuts on securities:	
Debt securities	(2,152,621)
Undue concentration	<u>(112,559)</u>
Net capital	<u><u>\$ 5,677,818</u></u>
Aggregate indebtedness:	
Items included in statement of financial condition:	
Accounts payable, accrued expenses, and other liabilities	\$ 215,500
Other	-
Total aggregate indebtedness	<u><u>\$ 215,500</u></u>

**SCHEDULE I**  
**FIRST BALLANTYNE, LLC**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1 OF THE**  
**SECURITIES AND EXCHANGE COMMISSION**  
**AS OF DECEMBER 31, 2009**  
(continued)

Minimum net capital required, greater of:		
Minimum net capital required as computed		
at 6.67 percent of aggregate indebtedness	\$	14,367
Minimum dollar net capital requirement		100,000
Total net capital requirement		<u>\$ 100,000</u>
Excess net capital		<u>\$ 5,577,818</u>
Excess net capital at 1,000 percent		<u>\$ 5,557,818</u>
Ratio: Aggregate indebtedness to net capital		<u>.038 to 1</u>

The total net capital reported, \$5,677,818, agrees with the Company's computation and amount reported in Part II of Form X-17A-5 (unaudited) FOCUS report as of December 31, 2009.

**FIRST BALLANTYNE, LLC**  
**STATEMENT REGARDING SCHEDULE II, III, AND IV**  
**AS OF DECEMBER 31, 2009**

Schedule II, III, and IV are not applicable. The Company has claimed an exemption from SEC Rule 15c3-3 based on the fact that all customer transactions are cleared through another broker-dealer on a fully disclosed basis.



Scharf Pera  
& Co., PLLC Certified Public Accountants

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