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

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

Washington DC  
104

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Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

SEC FILE NUMBER
8- 42430

REPORT FOR THE PERIOD BEGINNING 01/01/09 AND ENDING 12/31/09  
MM/DD/YYYY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: C.P. BAKER SECURITIES INCORPORATED

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPLE PLACE OF BUSINESS: (Do not use P.O. Box No.)  
10 HIGH STREET, SUITE 502

(No. and Street)

BOSTON MA 02110  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
CHRISTOPHER P. BAKER 617-439-0770  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

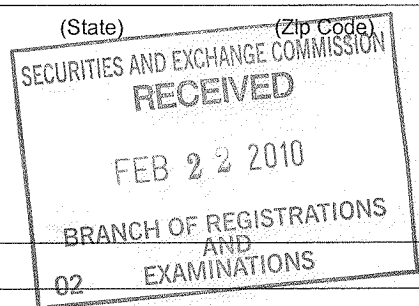
LARRY D. LIBERFARB, P.C.

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

11 VANDERBILT AVENUE SUITE 220 NORWOOD MA 02062  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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



FOR OFFICAL USE ONLY

\*Claims for exemption from the requirements 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 240.17-a-8(e)(2)

SEC 1410 (05-01) Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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OATH OR AFFIRMATION

I, CHRISTOPHER P. BAKER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of C.P. BAKER SECURITIES INCORPORATED, as of DECEMBER 31, 20 09, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principle officer or director has any proprietary interest in any account classified solely as that of A customer, except as follows:

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

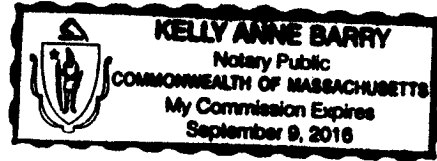
*CP Baker*

Signature

PRESIDENT

Title

*Kelly Anne Barry*  
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 15c2-3.
- (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).

**C.P. BAKER SECURITIES, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

# LARRY D. LIBERFARB, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
AND FINANCIAL ADVISORS

11 Vanderbilt Avenue, Suite 220, Norwood, Massachusetts 02062  
Tel. (781) 255-8800 Fax (781) 255-9217  
E-Mail: Info@Liberfarb.com

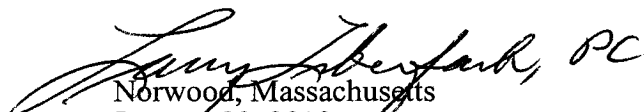
## Independent Auditor's Report

To the Board of Directors of  
C.P. Baker Securities, Inc.

We have audited the accompanying statement of financial condition of C.P. Baker Securities, Inc. as of December 31, 2009 and the related statements of income, changes in stockholder'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 C.P. Baker Securities, Inc., as of December 31, 2009, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

  
Norwood, Massachusetts  
January 29, 2010

**C.P. BAKER SECURITIES, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**December 31, 2009**

**ASSETS**

Cash	\$ 3,356
Deposits with clearing organizations	100,000
Receivable from broker-dealers and clearing organizations	18,934
Deferred tax assets	36,450
Other assets	26,487
	<u>\$ 185,227</u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Liabilities:

Due to related party	\$ 23,500
Payable to broker-dealers and clearing organizations	8,063
Accounts payable, accrued expenses, and other liabilities	16,528
	<u>48,091</u>

Stockholder's equity:

Common stock, \$.01 par value, 250,000 shares authorized, 6,230 shares issued and outstanding	62
Additional paid-in capital	52,341
Retained earnings	84,733
Total Stockholder's equity	<u>137,136</u>
	<u>\$ 185,227</u>

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

**C.P. BAKER SECURITIES, INC.**  
**STATEMENT OF INCOME**  
**For the Year Ended December 31, 2009**

Revenues:	
Commissions	\$ 281,437
Expenses:	
Employee compensation and benefits	90,942
Floor brokerage, exchange and clearance fees	96,858
Communications and data processing	8,487
Interest	62
Occupancy	1,209
Other expenses	<u>101,427</u>
	<u>298,985</u>
Loss before provision for income taxes (benefit)	(17,548)
Income tax benefit	<u>4,044</u>
Net loss	<u><u>\$ (13,504)</u></u>

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

**C.P. BAKER SECURITIES, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**For the Year Ended December 31, 2009**

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at January 1, 2009	\$ 62	\$ 52,341	\$ 98,237	\$ 150,640
Net loss	<u>          </u>	<u>          </u>	<u>(13,504)</u>	<u>(13,504)</u>
Balance at December 31, 2009	<u>\$ 62</u>	<u>\$ 52,341</u>	<u>\$ 84,733</u>	<u>\$ 137,136</u>

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

**C.P. BAKER SECURITIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2009**

Cash flows from operating activities:	
Net Loss	\$ (13,504)
Adjustments to reconcile net income to net cash provided by operating activities:	
(Increase) decrease in operating assets:	
Increase in Receivable from broker-dealers and clearing organizations	(4,195)
Increase in Deferred tax assets	(4,500)
Decrease in Other assets	16,339
(Decrease) increase in operating liabilities:	
Decrease in Payable to broker-dealers and clearing organizations	(4,565)
Decrease in Accounts payable, accrued expenses	<u>(956)</u>
 Total adjustments	 <u>2,123</u>
 Net cash used for operating activities	 (11,381)
 Cash flows from investing activities	
None	-
 Cash flows from financing activities	
Due to related party	<u>6,500</u>
 Decrease in cash	(4,881)
 Cash at January 1, 2009	<u>8,237</u>
 Cash at December 31, 2009	<u><u>\$ 3,356</u></u>

Disclosure of accounting policy:

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

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



# **C.P. BAKER SECURITIES, INC.**

## **Notes To Financial Statements**

**For the Year Ended December 31, 2009**

### **NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Organization and Nature of Business:

The Company was incorporated in Delaware on January 19, 2001. It is a wholly owned subsidiary of C.P. Baker & Co., Ltd. The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA).

#### Securities Transactions

Customers' securities transactions are recorded on a settlement date basis. The related commission income and expenses are also recorded on the settlement date basis.

#### Accounts Receivable

Management closely monitors outstanding accounts receivable and annually charges off to expense all balances that are determined to be uncollectible.

#### Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and for net operating loss and tax credit carryforwards, measured by enacted tax rates for years in which taxes are expected to be paid or recovered.

#### 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 that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from these estimates.

### **NOTE 2 - NET CAPITAL**

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. The Company had net capital at December 31, 2009 of \$74,199, which was \$69,199 in excess of its required net capital of \$5,000. The ratio of aggregate indebtedness to net capital at December 31, 2009 was .64 to 1.

**C.P. BAKER SECURITIES, INC.**

**Notes To Financial Statements, Continued**

**For the Year Ended December 31, 2009**

**NOTE 3 - RELATED PARTY TRANSACTIONS**

The Company rents office space, shares telephone service, and receives consulting services from a related party, C. P. Baker & Co., Ltd. The related party charged \$43,867 for these services for the fiscal year ending December 31, 2009. At December 31, 2009 the Company owed \$4,276 to the related party. The Company is owned 100% by the related party, thus operating results could vary significantly from those that would be obtained if the entities were autonomous.

An officer lent the Company \$23,500. There is no specific interest rate or repayment terms.

**NOTE 4 – CONTINGENT LIABILITIES**

The Company is engaged in various trading and brokerage activities whose counterparties include the general public. In the event counterparties do not fulfill their obligations the Company may be exposed to risk. The risk of default depends on the credit worthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

**NOTE 5 – INCOME TAXES**

Deferred income taxes are provided for temporary differences that exist between tax and financial statements, as well as for net operating loss carryforwards.

Income tax expense (benefit) consisted of the following:

Current tax expense	
State	\$ 456
Federal	<u>-</u>
	<u>456</u>
Deferred income taxes:	
State	\$ (1,800)
Federal	<u>(2,700)</u>
	<u>(4,250)</u>
Income tax expense	<u>\$ (4,044)</u>

**NOTE 6 – ADDITIONAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash paid during the year for:

Interest	\$ 62
Income Taxes	\$ 456

**C.P. BAKER SECURITIES, INC.  
SUPPLEMENTARY SCHEDULES  
DECEMBER 31, 2009**

# LARRY D. LIBERFARB, P.C.

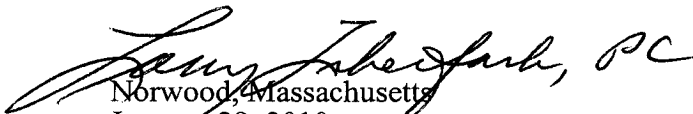
CERTIFIED PUBLIC ACCOUNTANTS  
AND FINANCIAL ADVISORS

11 Vanderbilt Avenue, Suite 220, Norwood, Massachusetts 02062  
Tel. (781) 255-8800 Fax (781) 255-9217  
E-Mail: Info@Liberfarb.com

## **Independent Auditor's Report on Supplementary Information Required by Rule 17a-5 of the Securities and Exchange Commission**

To the Board of Directors of  
C.P. Baker Securities, Inc.

We have audited the accompanying financial statements of C.P. Baker Securities, Inc. as of and for the year ended December 31, 2009, and have issued our report thereon dated January 29, 2010. 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 of the Securities and Exchange Commission. 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.

  
Norwood, Massachusetts  
January 29, 2010

**SCHEDULE I**  
**C.P. BAKER SECURITIES, INC.**  
**COMPUTATION OF AGGREGATE INDEBTEDNESS AND NET CAPITAL**  
**PURSUANT TO RULE 15c3-1**

**DECEMBER 31, 2009**

Aggregate indebtedness:	
Due to related party	\$ 23,500
Payable to broker-dealers and clearing organizations	8,063
Accounts payable, accrued expenses and other liabilities	<u>16,528</u>
Total aggregate indebtedness	<u>\$ 48,091</u>
Net capital:	
Common stock	\$ 62
Additional paid-in capital	52,341
Retained earnings	<u>84,733</u>
	137,136
Adjustments to net capital:	
Deferred tax assets	(36,450)
Other assets	<u>(26,487)</u>
Net capital, as defined	<u>\$ 74,199</u>
Net capital requirement	\$ 5,000
Net capital in excess of requirements	\$ 69,199
Ratio of aggregate indebtedness to net capital	.64 to 1
Reconciliation with the Company's computation (included in Part IIA of Form 17a-5(a) as of December 31, 2009)	
Net capital, as reported in the Company's Part II A (unaudited) focus report	\$ 63,418
Net audit adjustments	4,500
Decrease in non-allowables and haircuts	<u>6,281</u>
Net capital per above	<u>\$ 74,199</u>

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

**SCHEDULE II**

**C.P. BAKER SECURITIES, INC.**

**COMPUTATION FOR DETERMINATION OF  
RESERVE REQUIREMENTS FOR BROKER-DEALERS UNDER  
RULE 15C3-3 OF THE SECURITIES EXCHANGE ACT OF 1934**

**DECEMBER 31, 2009**

The Company is exempt from the reserve requirements of Rule 15c3-3 as its transactions are limited such that they do not handle customer funds or securities, accordingly, the computation for determination of reserve requirements pursuant to Rule 15c3-3 and information relating to the possession or control requirement pursuant to Rule 15c3-3 are not applicable.

# LARRY D. LIBERFARB, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
AND FINANCIAL ADVISORS

11 Vanderbilt Avenue, Suite 220, Norwood, Massachusetts 02062  
Tel. (781) 255-8800 Fax (781) 255-9217  
E-Mail: Info@Liberfarb.com

## **Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5**

To The Board of Directors of  
C.P. Baker Securities, Inc.

In planning and performing our audit of the financial statements of C.P. Baker Securities, Inc. (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 (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 (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 determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions, we 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 and recordations required by rule 17a-13.
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 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.

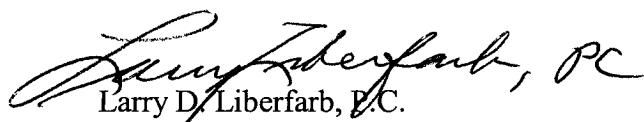
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control 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 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 considered 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 the Company's practices and procedures, as described in the second paragraph of the report, 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 SEC, 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 these specified parties.

  
Larry D. Liberfarb, P.C.  
Norwood, Massachusetts  
January 29, 2010



# LARRY D. LIBERFARB, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
AND FINANCIAL ADVISORS

11 Vanderbilt Avenue, Suite 220, Norwood, Massachusetts 02062  
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E-Mail: Info@Liberfarb.com

## **Independent Auditor's Report on Applying Agreed-Upon Procedures Related to an Entity's SIPC Assessment Reconciliation**

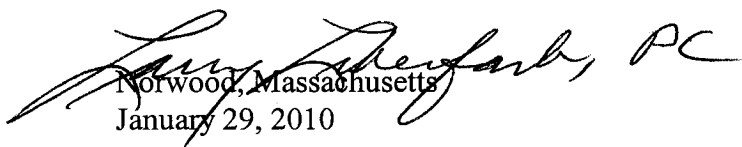
To the Board of Directors of  
C.P. Baker Securities, Inc.

In accordance with rule 17a-5(e)(4) of the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessments and Payments to the Securities Investor Protection Corporation (SIPC) for the nine month period ending December 31, 2009, which were agreed to by C.P. Baker Securities, Inc. and the Securities Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7T), management is responsible for the compliance with those requirements. The 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 the parties specified in this report. Consequently, we 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 were performed and our findings are as follows:

1. Compared the listed assessment payment in Form SIPC-7T with respective cash disbursement record entries noting no differences;
2. Compared amounts reported on the audited Form X-17A-5 for the period April 1, 2009, to December 31, 2009, as applicable, with the amounts reported in Form SIPC-7T for the period ended December 31, 2009 noting no differences;
3. Compared any adjustments reported in Form SIPC-7T with supporting schedules and working papers noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules and working papers supporting adjustments noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7T on which it was originally computed noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our 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.

  
Norwood, Massachusetts  
January 29, 2010

**C.P. BAKER SECURITIES, INC.**

**SCHEDULE OF ASSESSMENTS AND PAYMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

<u>Payment Date</u>	<u>To Whom Paid</u>	<u>Amount</u>
1/8/2009	SIPC	\$ 150.00
2/12/2010	SIPC	\$ 167.00