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

SEC FILE NUMBER
8- 05468

Washington, DC  
103

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 10/01/07 AND ENDING 09/30/08  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Basic Investors, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
510 Broadhollow Road, Suite 306  
(No. and Street)  
Melville, New York 11747  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Richard Belz (631) 630-2770  
(Area Code - Telephone Number)

OFFICIAL USE ONLY
FIRM I.D. NO.

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
GREENE, ARNOLD G., CPA  
(Name - if individual, state last, first, middle name)

866 UNITED NATIONS PLAZA, NEW YORK, N.Y. 10017  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

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

**PROCESSED**  
JAN 16 2009  
**THOMSON REUTERS**

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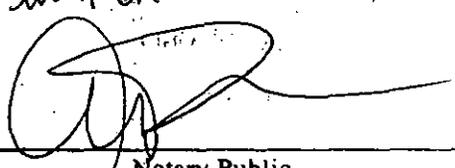
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

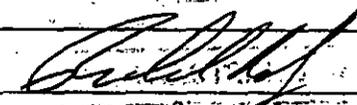
OATH OR AFFIRMATION

I, RICHARD BELZ swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BASIC INVESTORS, INC.

of SEPTEMBER 30, 2008, 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:

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

Sworn on December 10, 2008  
  
\_\_\_\_\_  
Notary Public

  
\_\_\_\_\_  
Signature  
Vice Pres  
\_\_\_\_\_  
Title  
ANITA COISCOU  
Notary Public, State of New York  
No. 4993507  
Qualified in Suffolk County  
Commission Expires 5/10/2010

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).

**BASIC INVESTORS, INC.**

**R E P O R T**

**FORM X-17A-5**

**FOR THE YEAR ENDED**

**SEPTEMBER 30, 2008**

**BASIC INVESTORS, INC.**

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**SEPTEMBER 30, 2008**

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**ARNOLD G. GREENE**

**CERTIFIED PUBLIC ACCOUNTANT**

**866 UNITED NATIONS PLAZA**

**NEW YORK, N.Y. 10017**

**(212) 751-6910**

**FAX (212) 751-6911**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and  
Stockholders of

**BASIC INVESTORS, INC.**

I have audited the accompanying statement of financial condition of Basic Investors, Inc. as of September 30, 2008 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. 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, the financial statements referred to above present fairly, in all material respects, the financial position of Basic Investors, Inc. as of September 30, 2008, 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.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplementary schedules listed in the accompanying index 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 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.

December 23, 2008



**BASIC INVESTORS, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**SEPTEMBER 30, 2008**

<u>ASSETS</u>		
<b>Current assets:</b>		
Cash		\$ 41,493
Receivable from broker-dealer:		
Commissions	\$ 145,007	
Good faith deposit	100,460	
Mutual Fund Commissions	354	
Other	<u>151,773</u>	397,594
Investment at market		39,078
Equipment (less depreciation of \$203,307)		7,148
Security deposit		23,087
Other assets		<u>\$ 131,507</u>
<b>Total assets</b>		<b><u>\$ 639,907</u></b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b>Current liabilities:</b>		
Accrued expenses		\$ 313,017
<b>Liabilities subordinated to claims of general creditors</b>		<u>105,000</u>
<b>Total liabilities</b>		<b>418,017</b>
<b>Stockholders' equity:</b>		
Common stock, no par value		
Authorized 400 shares		
Issued and outstanding 198 shares	\$ 1,000	
Additional paid-in-capital	654,800	
Retained earnings	(296,104)	
Less: Treasury stock	<u>(137,806)</u>	
<b>Total stockholders' equity</b>		<u>221,890</u>
<b>Total liabilities and stockholders' equity</b>		<b><u>\$ 639,907</u></b>

See notes to financial statements.

# BASIC INVESTORS, INC.

## STATEMENT OF INCOME AND EXPENSE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

**Revenues:**

Commission income	\$ 3,526,845
Trading profit (loss)	334,156
Mutual Fund income	120,341
Consulting	279,400
Error account loss	( 16,221)
Underwriting income	427,869
Service charge income	542,801
Unsecured debits	(27,664)
Interest and dividends	83,170
Finders fee	<u>79,200</u>

**Total revenue** 5,349,897

**Expenses:**

Salaries of voting stockholders	\$ 252,127
Other salaries	265,978
Clearing fees	94,786
Regulatory fees and expenses	103,484
Commissions	3,066,808
Interest on subordinated loans	12,800
Other interest	4,392
Quotes and information services	284,801
Rent	82,605
Legal and Professional fees	147,957
Insurance	124,713
Telephone	20,676
Other taxes	73,787
Client settlements	931,465
Other expenses	<u>187,487</u>

**Total expenses** 5,653,866

Income (loss) before federal income tax (303,969)

Less: Federal income tax -0-

**Net income (Loss)** (\$303,969)

See notes to financial statements.

# BASIC INVESTORS, INC.

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

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**Resources provided:**

Decrease in prepaid taxes	\$ 20,000
Decrease in other assets	123,757
Decrease in investments	509,683
Decrease in due from broker-dealer	133,912
Depreciation	<u>5,001</u>

**Total resources provided** **792,353**

**Resources applied:**

Net loss	\$303,969
Purchase of Treasury Stock	44,646
Decrease in accrued expense payable	436,728
Decrease in securities sold, not yet purchased	<u>1,810</u>

**Total resources applied** **787,153**

**Increase** **5,200**

Cash – October 1, 2007 36,293

Cash – September 30, 2008 **\$ 41,493**

See notes to financial statements.

**BASIC INVESTORS, INC.**

**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**

**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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Stockholders equity, October 1, 2007	\$ 570,505
Less: Net Loss	(303,969)
Purchase of Treasury Stock	<u>( 44,646)</u>
Stockholders equity, September 30, 2008	<u>\$221,890</u>

**STATEMENT OF CHANGES IN LIABILITIES  
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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Balance, October 1, 2007	\$ 105,000
Increases	<u>-0-</u>
Balance, September 30, 2008	<u>\$ 105,000</u>

See notes to financial statements.

# BASIC INVESTORS, INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

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### 1. ORGANIZATION :

Basic Investors, Inc. (the "Company") is a corporation conducting business as a broker-dealer registered with the Financial Industry Regulatory Authority (FINRA). Its clearing broker, Penson Financial Services, Inc., pursuant to a clearance agreement performs the clearing and depository operations for the Company's customer accounts. All customer transactions are cleared on a fully disclosed basis.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

These financial statements have been prepared in conformity with generally accepted accounting principles, which require the use of estimates by management.

Commission revenue and related expenses are recorded on a settlement-date basis. For financial statement purposes, the difference between settlement-date basis and trade-date basis is not material.

### 3. RECEIVABLE FROM CLEARING BROKER:

At September 30, 2008, the receivables from the clearing broker reflected on the statement of financial condition represents amounts due from the clearing broker.

Exemption from Rule 15c-3-3 is claimed under (K) (2) (b).

All customer transactions are cleared through another broker-dealer, Penson Financial Services on a fully disclosed basis.

### 4. NET CAPITAL REQUIREMENTS:

As a broker-dealer and member organization of the Financial Industry Regulatory Authority (FINRA), the Company is subject to the Uniform Net Capital Rule 15c3-1 of the Securities and Exchange Commission, which requires that the Company maintain minimum net capital of 6-2/3% of aggregate indebtedness, as defined, or \$100,000, whichever is greater. At September 30, 2008, the Company had net capital of \$156,545, as indicated on page 8 of this audited report. In October 2008, the Company filed Part IIA of Form X-17a-5 (unaudited) and reported net capital of \$159,793. The difference of \$3,248 is due to audit adjustments made during the audit.

**5. THE FOLLOWING SUPPLEMENTARY INFORMATION IS SUBMITTED:**

On October 27, 2008 the company submitted Form BDW, ceased doing business and withdrew it's registration.

**6. INCOME TAXES:**

The Company is organized as a Corporation and pays taxes based on the net income of the Company.

**7. LEASE:**

The Company negotiated a short-term lease extension with the landlord.

**8. LEGAL MATTERS:**

The Company is involved in a number of arbitration's and is vigorously defending itself.

# BASIC INVESTORS, INC.

## COMPUTATION OF NET CAPITAL

SEPTEMBER 30, 2008

Common Stock		\$ 1,000
Additional paid-in-capital		654,800
Retained earnings		(296,104)
Less: Treasury Stock		<u>(137,806)</u>
		221,890
Add: Subordinated loans		<u>105,000</u>
		326,890
Less: non-allowable assets		<u>(161,742)</u>
Net capital before haircuts		165,148
Less: haircuts on securities	\$ 8,192	
Undue concentration	<u>411</u>	<u>( 8,603)</u>
<b>Net capital</b>		<b>156,545</b>
Greater of:		
Minimum dollar net capital required	<u>\$100,000</u>	
or		
Minimum net capital required: (6.67% of aggregate indebtedness \$313,017)	<u>\$ 20,868</u>	<u>100,000</u>
<b>Excess net capital</b>		<b><u>\$ 56,545</u></b>

### AGGREGATE INDEBTEDNESS

Accounts payable and accrued expenses, etc.	<u>\$ 313,017</u>
Percentage of aggregate indebtedness to net capital	<u>200%</u>

See notes to financial statements.

**BASIC INVESTORS, INC.**

**RECONCILIATION OF NET CAPITAL WITH FOCUS REPORT**

**SEPTEMBER 30, 2008**

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Net capital per company's unaudited X-17A-5, Part IIA Filing (Focus Report)	\$ 159,793
: Audit adjustments	<u>(3,248)</u>
Net capital per audited report, September 30, 2008	<u>\$ 156,545</u>

**ARNOLD G. GREENE**

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**866 UNITED NATIONS PLAZA**

**NEW YORK, N.Y. 10017**

**(212) 751-6910**

**FAX (212) 751-6911**

**ACCOUNTANT'S REPORT ON INTERNAL ACCOUNTING CONTROL**

To the Board of Directors and Stockholders of

**BASIC INVESTORS, INC.**

I have examined the financial statements of Basic Investors, Inc., for the year ended September 30, 2008 and have issued my report thereon dated December 23, 2008. As part of the examination, I made a study and evaluation of the system on internal accounting control to the extent I considered necessary to evaluate the system required by the generally accepted auditing standards and Rule 17A-5 of the Securities and Exchange Commission. This study and evaluation included the accounting system, the procedures of safeguarding securities, and the practices and procedures followed by the client (i) in making the periodic computations of aggregate indebtedness and net capital under Rule 17A-3 (a) (11), the broker is exempt from compliance with Rule 15c3-3, and was in compliance with the conditions of the exemption, and no facts came to my attention indicating that such conditions had not been complied with during the year (ii) the broker does not maintain customer accounts nor handle securities, and I have reviewed the broker's practices for safeguarding securities that may be received by the broker for transmittal to a clearing organization. Rule 17A-5 states that the scope of the study and evaluation should be sufficient to provide reasonable assurance that any material weakness existing at the date of my examination would be disclosed. Under generally accepted auditing standards and Rule 17A-5, the purpose of such study and evaluation are to establish a basis for reliance thereon in procedures necessary for expressing an opinion of the internal accounting control.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance concerning the safeguarding of assets against loss from unauthorized use or disposition and concerning the reliability of financial statements and maintaining accountability for assets. The concept of reasonable assurance recognized that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimated and judgments by management. However, for the purposes of this report under Rule 17A-5, the determination of weakness to be reported was made without considering the practicability of corrective action by management within the framework of a cost/benefit relationship.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends on segregation of duties can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates, projection or any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation of the system of internal accounting control for the year ended September 30, 2008 which was made for the purposes set forth in the first paragraph above and would not necessarily disclose all weaknesses in the system that may have existed during the period, disclosed no weaknesses that I believe to be material.



December 23, 2008

**END**