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MISSION

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ANNUAL AUDITED REPORT Processing Section
FORM X-17A-5
PART III FEB 27 2009

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FACING PAGE Washington, DC
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 01/01/08 AND ENDING 12/31/08
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Economy Securities, Incorporated

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1301 Mortensen Lane
(No. and Street)

Evansville Indiana 47115
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Larry Weinzapfel (812) 474-1015
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Monroe Shine & Co., Inc.
(Name - if individual, state last, first, middle name)

222 E. Market Street New Albany Indiana 47150
(Address) (City) (State) (Zip Code)

CHECK ONE:

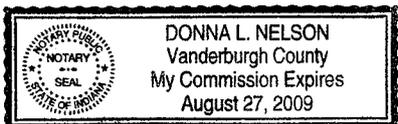
- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

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)

OATH OR AFFIRMATION

I, Larry Weinzapfel, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Economy Securities, Incorporated, as of December 31, 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:



Donna L. Nelson
Notary Public

Larry Weinzapfel
Signature
President
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 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).

ECONOMY SECURITIES, INCORPORATED

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222 EAST MARKET STREET, P.O. BOX 1407, NEW ALBANY, INDIANA 47150 • PHONE: 812.945.2311 • FAX: 812.945.2603

Independent Auditor's Report

Board of Directors
Economy Securities, Incorporated
Evansville, Indiana

We have audited the accompanying statement of financial condition of **Economy Securities, Incorporated** (the Company) as of December 31, 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. 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 **Economy Securities, Incorporated** at December 31, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 10 to 13 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.

Monroe Shine

New Albany, Indiana
February 18, 2009

ECONOMY SECURITIES, INCORPORATED
STATEMENT OF FINANCIAL CONDITION
December 31, 2008

ASSETS

Cash	\$ 12,684
Deposit with clearing organization	15,735
Receivable from broker-dealers and clearing organization	7,462
Other assets	<u>12,461</u>
 Total Assets	 <u>\$ 48,342</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:	
Accounts payable, accrued expenses, and other liabilities	\$ 13,722
 Stockholder's Equity:	
Common stock	70,000
Paid-in capital	35,000
Deficit	<u>(70,380)</u>
Total stockholder's equity	<u>34,620</u>
 Total Liabilities and Stockholder's Equity	 <u>\$ 48,342</u>

See accompanying notes to financial statements.

ECONOMY SECURITIES, INCORPORATED
STATEMENT OF INCOME
Year Ended December 31, 2008

		<u>Percent to Revenue</u>
Revenues:		
Commissions	\$ 132,331	48.0
Trail fees	113,880	41.3
Other correspondent income	21,607	7.8
Other income	7,323	2.7
Interest and dividends	619	0.2
Total revenues	<u>275,760</u>	<u>100.0</u>
Expenses:		
Employee compensation and benefits	177,138	64.2
Floor brokerage, exchange, and clearance fees	24,075	8.7
Communications and data processing	6,182	2.2
Occupancy	36,000	13.1
Other expenses	38,010	13.8
Total expenses	<u>281,405</u>	<u>102.0</u>
Net Loss	<u>\$ (5,645)</u>	<u>-2.0</u>

See accompanying notes to financial statements.

ECONOMY SECURITIES, INCORPORATED
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
Year Ended December 31, 2008

	<u>Common Stock</u>		<u>Paid-in Capital</u>	<u>Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
Balance - January 1, 2008	700	\$ 70,000	\$ 35,000	\$ (57,335)	\$ 47,665
Net Loss	-	-	-	(5,645)	(5,645)
Distributions	-	-	-	(7,400)	(7,400)
Balance - December 31, 2008	<u>700</u>	<u>\$ 70,000</u>	<u>\$ 35,000</u>	<u>\$ (70,380)</u>	<u>\$ 34,620</u>

See accompanying notes to financial statements.

ECONOMY SECURITIES, INCORPORATED
STATEMENT OF CASH FLOWS
Year Ended December 31, 2008

Cash Flows from Operating Activities:	
Cash inflows:	
Cash received from clearing organization and others	\$ 283,683
Interest and dividends received	619
Cash outflows:	
Cash paid to suppliers and employees	(299,033)
Net cash used in operating activities	<u>(14,731)</u>
Cash Flows from Investing Activities:	
Cash outflows:	
Deposit with clearing organization	(258)
Net cash used in investing activities	<u>(258)</u>
Cash Flows from Financing Activities:	
Cash outflows:	
Distributions	(7,400)
Net cash used in financing activities	<u>(7,400)</u>
Net Decrease in Cash	(22,389)
Cash at beginning of year	<u>35,073</u>
Cash at End of Year	<u><u>\$ 12,684</u></u>
Reconciliation of Net Loss to Net Cash Used in Operating Activities:	
Net Loss	\$ (5,645)
Adjustments to reconcile net loss to net cash used in operating activities:	
Decrease in receivable from clearing organization	8,542
Decrease in accounts payable, accrued expenses, and other liabilities	(18,559)
Decrease in other assets	931
Net cash used in operating activities	<u><u>\$ (14,731)</u></u>

See accompanying notes to financial statements.

ECONOMY SECURITIES, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE A – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Economy Securities, Incorporated (Company) operates as a fully-disclosed introducing broker in trading and investment securities. The Company's customer base is primarily individual investors located in Indiana, Illinois and Kentucky. The Company is a wholly owned subsidiary of Economy Acquisition Corp.

Cash

For purposes of the statement of cash flows, the Company considers all cash on hand, bank checking accounts, and money market accounts to be cash.

Allowance for Doubtful Accounts

Accounts receivable consists of fees and commissions receivable from broker-dealers and Southwest Securities, Inc. (Clearing Organization) and is considered fully collectible. Therefore, no allowance for doubtful accounts has been provided.

Revenue and Expenses

Commissions and related clearing expenses are recorded on a settlement-date basis. There were no significant transactions at December 31, 2008 that would require reconciliation with trade-date basis accounting.

Advertising

The Company expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place. Advertising expense was \$2,925 for the year ended December 31, 2008.

Income Taxes

The Company is a qualified subchapter S subsidiary and is not treated as a separate corporation for income tax purposes. The Company's assets, liabilities and income are treated as assets, liabilities and income of its parent company, which has elected to be classified as an S corporation for income tax purposes. Therefore, no provision for income taxes has been recorded in the accompanying financial statements.

Use of 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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ECONOMY SECURITIES, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE B – CASH DEPOSIT WITH CLEARING ORGANIZATION

At December 31, 2008, the Company had an interest-bearing deposit of \$15,735 with the Clearing Organization.

NOTE C – COMMON STOCK

At December 31, 2008, the authorized capital of the Company consists of 10,000 shares of no par value common stock and 700 shares were issued and outstanding at a stated value of \$100 per share.

NOTE D – RELATED PARTY TRANSACTIONS

The Company leases office space from Weinzapfel & Co., LLC, a related entity under common control, under an operating lease with an initial one-year term that is renewed annually. Total rent paid under this lease for the year ended December 31, 2008 was \$36,000. At December 31, 2008, the Company had accounts payable of \$729 outstanding to Weinzapfel & Co., LLC.

The Company leases employees from WH Benefits, Inc., a related entity under common control. Reimbursement of such costs, including compensation and benefits, under this arrangement for the year ended December 31, 2008 was \$177,138 and \$4,243 was payable to this related entity at December 31, 2008.

NOTE E – NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (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. At December 31, 2008, the Company had net capital of \$15,798, which was \$10,798 in excess of its required net capital of \$5,000. At December 31, 2008, the Company's net capital ratio was .87 to 1.

ECONOMY SECURITIES, INCORPORATED

SUPPLEMENTARY INFORMATION

ECONOMY SECURITIES, INCORPORATED
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
As of December 31, 2008

Net Capital:	
Stockholder's equity qualified for net capital	<u>\$ 34,620</u>
Total nonallowable assets:	
12b1 fees receivable	(6,217)
Prepaid expenses	<u>(12,461)</u>
Total nonallowable assets	<u>(18,678)</u>
Net capital before haircuts on securities	15,942
Haircuts on securities - money market account	<u>(144)</u>
Net Capital	<u><u>\$ 15,798</u></u>
Aggregate Indebtedness:	
Items included in statement of financial condition:	
Accounts payable, accrued expenses, and other liabilities	<u>\$ 13,722</u>
Computation of Basic Net Capital Requirement	
Minimum net capital required	<u>\$ 915</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 5,000</u>
Net capital requirement	<u>\$ 5,000</u>
Excess net capital	<u>\$ 10,798</u>
Excess net capital at 1,000 percent	<u>\$ 14,426</u>
Ratio of aggregate indebtedness to net capital	<u>0.87 to 1</u>

A reconciliation is not necessary pursuant to rule 17a-5(d)(4) as there were no material differences between the broker-dealer's computation of net capital under rule 15c3-1 included in the original unaudited FOCUS filing.

ECONOMY SECURITIES, INCORPORATED
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
As of December 31, 2008

Broker-dealer is exempt from Rule 15c3-3. All customer transactions are cleared through Southwest Securities, Inc. on a fully disclosed basis.



222 EAST MARKET STREET, P.O. BOX 1407, NEW ALBANY, INDIANA 47150 • PHONE: 812.945.2311 • FAX: 812.945.2603

Board of Directors
Economy Securities, Incorporated
Evansville, Indiana

In planning and performing our audit of the financial statements and supplementary schedules of **Economy Securities, Incorporated** (the Company), as of and for the year ended December 31, 2008 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 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, 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 recordation of differences 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 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 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.

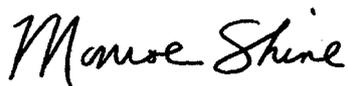
A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of pursuing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control 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 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, 2008, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, 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.



New Albany, Indiana
February 18, 2009

**ECONOMY SECURITIES,
INCORPORATED**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**YEAR ENDED
DECEMBER 31, 2008**