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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- 50501

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 January 1, 2008 AND ENDING December 31, 2008
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Marks, McBroom, Walston Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

601 S. Figueroa Street, Suite 1750

(No. and Street)

Los Angeles,

CA

90017

(City)

(State)

(Zip Code)

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

Christopher E. Marks

800-701-9109

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Joseph Yafeh, CPA

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

11300 Olympic Blvd., Suite 875

Los Angeles, CA

90064

(Address)

(City)

SEC Mail Processing
Section

SEC Mail Processing
Section

CHECK ONE:

Certified Public Accountant

Public Accountant

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

MAX 10 2009

Washington, DC
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Washington, DC
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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)

SEC 1410 (06-02)

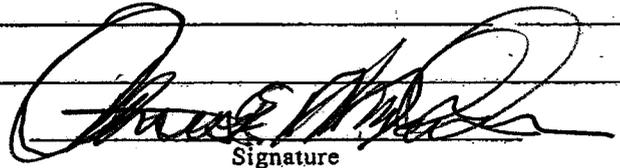
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Handwritten initials

OATH OR AFFIRMATION

I, Christopher E. Marks, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Marks, McBroom, Walston Securities, Inc., 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:

None



Signature

SECRETARY & TREASURER

Title

SEE ATTACHED ACKNOWLEDGEMENT
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 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.
- (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).

California Acknowledgment Form

State of California
County of SANTA BARBARA } ss.

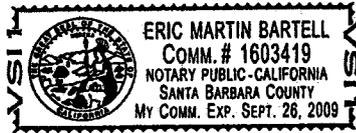
On FEB. 27, 2009 before me, ERIC MARTIN BARTELL, NOTARY PUBLIC,
personally appeared CHRISTOPHER E. MARCI

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Seal



A handwritten signature in black ink, appearing to read "Eric Martin Bartell", written over a horizontal line.

Signature of Notary
ERIC MARTIN BARTELL

Notes

Please provide information about the document that this form is attached to.
This is not required under California State notary public law.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

MARKS, MCBROOM, WALSTON SECURITIES, INC.

ANNUAL AUDIT REPORT

DATE - DECEMBER 31, 2008

601 S. Figueroa Street
Suite 1750
Los Angeles, CA 90017

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Joseph Yafeh CPA, Inc.
A Professional Accounting Corporation
11300 W. Olympic Blvd., Suite 875
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310-477-8150 ~ Fax 310-477-8152

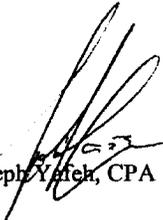
REPORT OF INDEPENDENT AUDITOR

Board of Directors
Marks, McBroom, Walston Securities, Inc.
Los Angeles, CA

I have audited the accompanying statement of financial condition of Marks, McBroom, Walston Securities, Inc. as of December 31, 2008 and related statements of operations, cash flows, and changes in stockholders' equity for the year then ended. These financial statements are being filed based on Rule 17a-5 of the Securities Exchange Act of 1934 and include the supplemental schedule of the net capital computation required by rule 15c3-1. 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 my audit in accordance with the 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, such financial statements referred to above present fairly, in all material respects, the financial condition of Marks, McBroom, Walston Securities, Inc. as of December 31, 2008 and the results of its operations, cash flows and stockholders' equity for the year then ended in conformity with accounting principles generally accepted in the United States of America.


Joseph Yafeh, CPA

Los Angeles, California
February 25, 2009

MARKS, MCBROOM, WALSTON SECURITIES, INC.

STATEMENT OF FINANCIAL CONDITION

December 31, 2008

ASSETS

Cash and cash equivalents	<u>\$ 25,233</u>
TOTAL ASSETS	<u>\$ 25,233</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Commissions payable	3,659
Loan to affiliated company	1,397
Taxes payable	<u>\$ 1,800</u>
TOTAL LIABILITIES	<u>6,856</u>

Stockholders' equity:

Common stock, no par value, 10,000 shares authorized, 2,500 shares issued and outstanding	18,638
Additional paid in capital	28,824
Retained deficit	<u>(29,085)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>18,377</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 25,233</u>
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See accompanying notes to financial statements

MARKS, MCBROOM, WALSTON SECURITIES, INC.
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2008

REVENUES	
Fees income - related company	\$ 84,288
Interest and dividend income	<u>540</u>
TOTAL REVENUES	<u>84,828</u>
OPERATING EXPENSES	
Clearing fees	40,640
Commission expense	48,659
Bank service charge	<u>80</u>
TOTAL OPERATING EXPENSES	<u>89,379</u>
(LOSS) BEFORE TAX PROVISION	(4,551)
STATE INCOME TAX PROVISION	<u>800</u>
NET (LOSS)	<u>\$ (5,351)</u>

See accompanying notes to financial statements

MARKS, MCBROOM, WALSTON SECURITIES, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2008

	Common Stock Shares	Common Stock	Paid-In Capital	Retained Earnings (Deficit)	Total
Balance, December 31, 2007	2,500	\$ 18,638	\$ 28,824	\$ (22,406)	\$ 25,056
Distribution				(1,328)	(1,328)
Net (Loss)				(5,351)	(5,351)
Balance, December 31, 2008	2,500	\$ 18,638	\$ 28,824	\$ (29,085)	\$ 18,377

See accompanying notes to financial statements

MARKS, MCBROOM, WALSTON SECURITIES, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2008

Cash Flows from Operating Activities:	
Net (loss)	\$ (5,351)
Changes in operating assets and liabilities:	
Accrued liabilities	3,659
Loan from affiliated company	1,397
Taxes payable	<u>800</u>
Net cash provided in operating activities	505
Cash Flows from Investing Activities:	
	<u>0</u>
Cash Flows from Financing Activities:	
Distributions	<u>(1,328)</u>
Net decrease in cash	(823)
Cash and cash equivalents at beginning of year	<u>26,056</u>
Cash and cash equivalents at end of year	<u>\$ 25,233</u>
Supplemental Cash Flow Information	
Cash paid for interest	<u>\$ 0</u>
Cash paid for income tax	<u>\$ 800</u>

See accompanying notes to financial statements

MARKS, MCBROOM, WALSTON SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Marks, McBroom, Walston Securities, Inc. previously known as Katz & Co., LTD (the Company), was incorporated on April 2, 1998 and is registered as a broker-dealer in securities under the Securities and Exchange Commission SEC Rule 15(b). The Company executes and clears all the transactions of an affiliate company (a Registered Investment Advisor, "RIA") through a clearing broker on a fully disclosed basis and, accordingly, is exempt from the provisions of Rule 15c3-3 under subparagraph K 2 ii.

Therefore, Marks, McBroom, Walston Securities, Inc. is exempt from provisions under the SEC Rule 15c3-3, Customer Protection – Reserves and Custody of Security under Rule 15c3-3 paragraph K 2 ii.

In addition, the Company is exempt from the Possession or Control Requirements under Rule 15c3-3 paragraph K 2 ii.

The Company has no operating revenue but exists exclusively for its RIA affiliate. Clearing fees paid by the Company are reimbursed by the RIA. All other operating and overhead expenses are paid by the RIA.

NOTE 2 - NET CAPITAL REQUIREMENTS

In accordance with the net capital provisions of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital as defined of \$5,000. See page 7 for the net capital computation.

NOTE 3 - PROVISION FOR INCOME TAXES

The Company's fiscal year ends December 31, 2008. The provision for income taxes for the year consists of the following:

State	<u>800</u>
	<u>\$ 800</u>

NOTE 4 - 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 disclosures 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.

MARKS, MCBROOM, WALSTON SECURITIES, INC.
 COMPUTATION OF NET CAPITAL REQUIREMENTS PURSUANT
 TO RULE 15c3-1
 December 31, 2008

COMPUTATION OF NET CAPITAL

Total ownership equity from statement of financial condition	\$ 18,377
Nonallowable assets	<u>0</u>
NET CAPITAL	<u>\$ 18,377</u>

COMPUTATION OF NET CAPITAL REQUIREMENTS

Minimum net aggregate indebtedness - 6.67% of net aggregate indebtedness	\$ <u>457</u>
Minimum dollar net capital required	<u>\$ 5,000</u>
Net Capital required (greater of above amounts)	<u>\$ 5,000</u>
EXCESS CAPITAL	<u>\$ 13,377</u>
Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)	<u>\$ 17,691</u>

COMPUTATION OF AGGREGATE INDEBTEDNESS

Total liabilities	\$ <u>6,856</u>
Percentage of aggregate indebtedness to net capital	<u>37%</u>

RECONCILIATION

The following is a reconciliation of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 179-5(d)(4):

Unaudited net capital	\$ 22,038
Accrue commissions payable	(3,659)
Rounding	<u>(2)</u>
Audited net capital	<u>\$ 18,377</u>

See accompanying notes to financial statements

PART II

MARKS, MCBROOM, WALSTON SECURITIES, INC.

STATEMENT OF INTERNAL CONTROL

DECEMBER 31, 2008

Joseph Yafeh CPA, Inc.
A Professional Accounting Corporation
11300 W. Olympic Blvd., Suite 875
Los Angeles CA 90064
310-477-8150 ~ Fax 310-477-8152

**REPORT OF INDEPENDENT AUDITOR
ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC Rule 17a-5**

Board of Directors
Marks, McBroom, Walston Securities, Inc.
Los Angeles, California

In planning and performing my audit of the financial statements and supplemental schedules of Marks, McBroom, Walston Securities, Inc. (the "Company") for the year ended December 31, 2008, I considered its internal control, including control activities for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), I have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that I 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, I 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
2. Recordation of differences required by Rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board 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

Board of Directors
Marks, McBroom, Walston Securities, Inc.
Los Angeles, California

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.

My consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, I noted no matters involving internal control, including control activities for safeguarding securities that I consider to be material weaknesses as defined above.

I 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 my study, I 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 FINRA, 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.



Joseph Yatch, CPA

Los Angeles, California
February 25, 2009