

REC Processing

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
8-48007

RECD S.E.C.
MAR 16 2009

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 01/01/08 AND ENDING 12/31/08
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: USF Securities LP

OFFICIAL USE ONLY
FIRM I.D. NO.

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

11 Greenway Plaza, Suite 2900

(No. and Street)

Houston

Texas

77046

(City)

(State)

(Zip Code)

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

Steven J. Graubart (713)202-3831

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Harper and Pearson Company, P C

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

One Riverway, Suite 1000

Houston

Texas

77056-1973

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

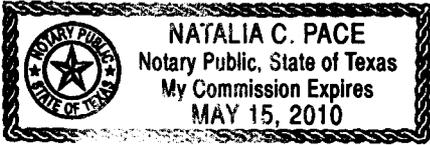
FOR OFFICIAL USE ONLY

*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)

159
3/26

OATH OR AFFIRMATION

I, Ann Colleps, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of USF Securities, LP 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:



Ann Colleps
Signature
Controller
Title

Natalia C. Pace
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 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).

SEC Mail Processing
Section

FEB 26 2009

Washington, DC
110

USF SECURITIES, L.P.
FINANCIAL STATEMENTS
DECEMBER 31, 2008

C O N T E N T S

	<u>Page</u>
Independent Auditor's Report.....	2
Balance Sheet	3
Statement of Operations	4
Statement of Changes in Partners' Capital.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements	7-9
Schedule I - 2008	10
Schedule II - 2008.....	11



INDEPENDENT AUDITOR'S REPORT

The Partners
USF Securities, L.P.
Houston, Texas

We have audited the accompanying balance sheet of USF Securities, L.P. as of December 31, 2008, and the related statements of operations, changes in partners' capital and cash flows for the year then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States. 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 USF Securities, L.P. as of December 31, 2008 and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles in the United States.

As more fully described in Note H, in February, 2009 the partners made the decision to terminate the operations of the broker/dealer effective March 31, 2009.

Our audit was made 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 under the Securities and 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.

Harper & Pearson Company, P.C.

Houston, Texas
February 18, 2009

ASSETS

Cash and cash equivalents	\$ 456,897
Deposits with clearing agent (cash equivalents)	100,000
Receivable from customer	8,029
Receivables from related parties	190,142
Other receivables	7,633
Prepaid expenses	<u>27,632</u>
 TOTAL ASSETS	 \$ <u>790,333</u>

LIABILITIES AND PARTNERS' CAPITAL

LIABILITIES

Accounts payable and accrued liability	\$ 208,763
Commissions payable	148,946
Payable to related parties	<u>8,740</u>

TOTAL LIABILITIES 366,449

PARTNERS' CAPITAL

423,884

TOTAL LIABILITIES AND PARTNERS' CAPITAL \$ 790,333

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

USF SECURITIES, L.P.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

REVENUES	
Commissions	\$ 6,017,329
Less: Commissions to carrying broker	<u>5,522,989</u>
Net commission income	494,340
Interest and other income	<u>7,985</u>
TOTAL REVENUES	<u>502,325</u>
EXPENSES	
Salaries and benefits	216,648
Other operating expenses	<u>368,193</u>
TOTAL EXPENSES	<u>584,841</u>
NET LOSS	<u>\$ (82,516)</u>

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

USF SECURITIES, L.P.
STATEMENT OF CHANGES PARTNERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Limited Partner</u> <u>U.S.</u> <u>Fiduciary, L.P.</u>	<u>General Partner</u> <u>USF</u> <u>GP, LLC</u>	<u>Total</u>
Balance, December 31, 2007	\$ 503,389	\$ 3,010	\$ 506,400
Net loss	<u>(81,691)</u>	<u>(825)</u>	<u>(82,516)</u>
Balance, December 31, 2008	<u>\$ 421,698</u>	<u>\$ 2,185</u>	<u>\$ 423,884</u>

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

USF SECURITIES, L.P.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	\$ (82,516)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Changes in operating assets and liabilities	
Receivable from customer	(5,662)
Receivables from related parties	(179,365)
Other receivables	(7,633)
Prepaid expenses	39,007
Accounts payable and accrued liability	156,201
Commissions payable	148,946
Payable to related parties	<u>(35,352)</u>
Net cash provided by operating activities	<u>33,626</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	33,626
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>423,271</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 456,897</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for interest	<u>\$ 4,353</u>

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

NOTE A ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Effective December 31, 2003, U.S. Fiduciary, L.P. purchased Post Oak Capital Advisors, Inc., and began operating as U.S. Fiduciary Securities, Inc. (The Company). In May 2005 the Company was converted into a limited partnership and changed its name to USF Securities, L.P. (The Partnership).

Nature of Operations – The Partnership operates as an introducing broker/dealer of securities. It acts in an agency capacity as a fully-disclosed broker providing brokerage services for its customers through a clearing agent and charging a commission for those services. Its operations are regulated by the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA).

Cash Flow Statement – For purposes of the statement of cash flows, the Partnership has defined cash equivalents as highly liquid investments with original maturities of less than ninety days that were not held for sale in the ordinary course of business. These were principally money market funds.

Commissions and Clearing Fees – Customers' securities transactions are recorded on a settlement date basis with related commission income and expenses recorded on a trade date basis.

The Partnership contracts with a clearing agent for all the securities transactions made on behalf of its customers. The clearing agent clears and settles customers' transactions in exchange for a clearing fee. The Partnership does not maintain securities or accounts for its customers, but acts only as their broker.

Income Tax –The Partnership's income, losses, and tax credits will be included in the income tax returns of the Partners. Accordingly, the Partnership does not record a provision for Federal income taxes.

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.

NOTE B CLEARING BROKER CONTRACT

The Partnership has entered into an agreement for securities clearance services with National Financial Services LLC (NFS). NFS carries and clears the Partnership's customers' margin and cash accounts on a fully disclosed basis.

Under the agreement, the Partnership assumes responsibility for keeping customers' accounts in compliance with various securities laws and requirements. However, NFS assumes responsibility for monitoring the Partnership's accounts for compliance.

Other requirements of the agreement are that the Partnership maintain net capital of not less than \$100,000 and be a member in good standing of FINRA. NFS also has a lien and security interest in all of the Partnership's property for the repayment of any obligations to NFS. In addition, the Partnership has on deposit with NFS \$100,000 to secure its clearing fee liability. In the first quarter of 2009 the deposit with NFS was reduced to \$50,000.

NOTE C NET CAPITAL REQUIREMENTS

Under Rule 15c3-1, the Partnership must maintain at all times a minimum net capital which consists of the greater \$100,000 or 6 2/3% of aggregate indebtedness; the Partnership's ratio of aggregate indebtedness to net capital cannot exceed 15 to 1. The following is a summary of the Partnership's actual capital compared with required capital amounts, and the aggregate indebtedness to net capital ratio as of December 31, 2008.

Net Capital - Actual (Schedule I)	\$ 176,751
Net Capital - Required (Schedule I)	<u>100,000</u>
 Excess Net Capital	 <u>\$ 76,751</u>
 Aggregate Indebtedness to Net Capital	 <u>2.07 to 1</u>

NOTE D STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

The basic financial statements do not include the Statement of Changes in Liabilities Subordinated to Claims of General Creditors as there were no such liabilities at December 31, 2008.

NOTE E RELATED PARTY TRANSACTIONS

The Partnership provides certain services to subsidiaries owned by the limited partner. At December 31, 2008 the Partnership was owed \$190,142 for services provided to affiliates. The Partnership charged affiliates \$42,084 in service fees in 2008. In addition, the Partnership owed affiliates \$8,740 for services provided to the Partnership and payroll expense. Affiliates charged the Partnership \$216,648 for services in 2008.

NOTE F CONTINGENT LIABILITIES

The Partnership has certain clients that purchased Auction Rate Securities through the broker/dealer. Currently, the auctions for these securities are failing and the liquidity of Auction Rate Securities has been impacted. The loss of liquidity has existed in the marketplace since February 2008 and the duration is unknown. No legal action is pending or has been threatened against the firm, but many investors across the country have taken legal action against various broker/dealers for alleged misdeeds or joined in class action lawsuits as a result of the lack of liquidity in the marketplace. The Partnership is unable to estimate its exposure, if any, related to the sale of these securities.

The Partnership is a party to certain litigation. Management has recorded a liability of \$75,000 related to this litigation. The ultimate resolution of this litigation is uncertain.

NOTE G CREDIT RISK

Credit Risk – The Partnership’s credit risk results primarily from cash deposits and accounts receivable. The Partnership maintains cash in a deposit account, which at times exceeds federally insured limits. It is the Partnership’s practice to utilize high net worth institutions to minimize its credit risk. In addition an allowance for doubtful accounts is established on accounts receivable as needed based upon factors surrounding the credit risk of specific customers, historical trends, and other information. At December 31, 2008, in management’s opinion no allowance was required.

The Partnership is engaged in various trading and brokerage activities in which counter parties primarily include broker-dealers, banks and other financial institutions. In the event counter parties do not fulfill their obligations, the Partnership may be exposed to risk. The risk of default depends on the credit worthiness of the counter party or issuer of the instrument. It is the Partnership’s policy to review the credit standing of each counter party.

NOTE H SUBSEQUENT EVENT

In February, 2009 senior management of the Partnership made the decision to exit the broker dealer business. The Partnership anticipates filing a Broker Dealer Withdrawal form in March and will end its broker dealer operations prior to April 1, 2009.

USF SECURITIES, L.P.
SCHEDULE I
COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2008

TOTAL PARTNERS' CAPITAL	\$ 423,884
LESS NONALLOWABLE ASSETS	
Receivables	(205,804)
Prepaid expenses	<u>(27,632)</u>
NET CAPITAL BEFORE HAIRCUTS ON SECURITIES POSITIONS AND EXCESS FIDELITY BOND DEDUCTIBLE	190,448
HAIRCUTS ON DEPOSITS	(697)
EXCESS FIDELITY BOND DEDUCTIBLE	<u>(13,000)</u>
NET CAPITAL	176,751
MINIMUM NET CAPITAL - GREATER OF: 6 2/3% of aggregate indebtedness or Minimum dollar requirement of \$100,000	<u>100,000</u>
EXCESS OF NET CAPITAL	<u>\$ 76,751</u>
Ratio: Aggregate indebtedness to net capital	<u>2.07 to 1</u>
RECONCILIATION WITH COMPANY'S COMPUTATION (Included in Part II of Form X-17A-5 as of December 31, 2008)	
NET CAPITAL, AS REPORTED IN COMPANY'S PART II (Unaudited) FOCUS Report	<u>\$ 251,751</u>
RECONCILING ITEMS OR DIFFERENCES	
Audit adjustment for litigation reserve	<u>(75,000)</u>
NET CAPITAL PER ABOVE	<u>\$ 176,751</u>

See independent auditor's report.

USF SECURITIES, L.P.
SCHEDULE II
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
AND INFORMATION RELATING TO POSSESSION OR CONTROL OF SECURITIES
UNDER RULE 15C3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2008

Exemption Provisions

The Partnership has claimed an exemption from Rule 15c3-3 under Section (k)(2)(ii), in which all customer transactions are cleared through another broker-dealer on a fully-disclosed basis.



REPORT ON INTERNAL CONTROL STRUCTURE
REQUIRED BY SEC RULE 17 A-5 FOR A
BROKER-DEALER CLAIMING AN EXEMPTION
FROM SEC RULE 15C3-3

February 18, 2009

The Partners
USF Securities, L.P.

In planning and performing our audit of the financial statements and supplemental schedules of USF Securities, L.P. (the Partnership), 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 Partnership'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 Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partnership'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 Partnership 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 Partnership 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 Partnership 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 Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Partnership 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 Partnership 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 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 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 the 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 Partnership'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 partners, 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 an should not be used by anyone other than these specified parties.

Harpe & Pearson Company, P.C.

Houston, Texas