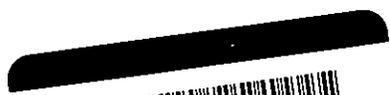


Section 17a-5  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Washington, DC  
105

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

SEC FILE NUMBER  
8-02259

**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: **M. GRIFFITH INVESTMENT  
SERVICES, INC.**

OFFICIAL USE ONLY  
  
FIRM I.D. NO.

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

**555 FRENCH ROAD, BUILDING #2**

(No. and Street)

**NEW HARTFORD**  
(City)

**NEW YORK**  
(State)

**13413-0895**  
(Zip Code)

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

**DAVID T. GRIFFITH, PRESIDENT**

**(315) 797-0130**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**EVANS AND BENNETT, LLP**

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

**135 DEWITT STREET**  
(Address)

**SYRACUSE**  
(City)

**NEW YORK 13203**  
(State) (Zip Code)

CHECK ONE:

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

**PROCESSED**  
**MAR 11 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)

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.

OATH OR AFFIRMATION

I, DAVID T. GRIFFITH, swear (or affirm) that to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of M. GRIFFITH INVESTMENT SERVICES, 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:

N/A

David T. Griffith  
Signature  
President  
Title

Mary E Ford  
Notary Public

MARY E FORD  
NOTARY PUBLIC, STATE OF NY  
#01F06355925  
APPOINTED IN ONEIDA COUNTY  
COMMISSION EXPIRES 6/30/2010

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 Stockholder's 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.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition and Net Capital.
- (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.
- (o) Independent auditors' report on internal accounting control.

\*\* For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

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**M. GRIFFITH INVESTMENT SERVICES, INC.**

**NEW HARTFORD, NEW YORK**

**AUDITED STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2008**

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Statement of Financial Condition	2
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*Evans and Bennett, LLP*

CERTIFIED PUBLIC ACCOUNTANTS

135 DEWITT STREET

SYRACUSE, N.Y. 13203

(315) 474-3986

FAX # (315) 474-0716

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder  
M. Griffith Investment Services, Inc.  
New Hartford, New York

We have audited the accompanying statement of financial condition of M. Griffith Investment Services, Inc. (the Company) as of December 31, 2008. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 accompanying statement of financial condition presents fairly, in all material respects, the financial position of M. Griffith Investment Services, Inc. as of December 31, 2008 in conformity with U.S. generally accepted accounting principles.

*Evans and Bennett, LLP*  
Certified Public Accountants

Syracuse, New York  
January 23, 2009

M. GRIFFITH INVESTMENT SERVICES, INC.

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2008

ASSETS

Cash and cash equivalents	\$ 80,121
Receivables from broker-dealers and clearing organizations	273,638
Investments	809,194
Property and equipment - net	82,948
Goodwill	1,050,000
Other assets	<u>118,822</u>
Total assets	<u>\$ 2,414,723</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:	
Accrued expenses and other liabilities	\$ 327,561
Total liabilities	<u>327,561</u>
Stockholder's equity	
(Retained earnings, since March 17, 2005)	<u>2,087,162</u>
Total liabilities and stockholder's equity	<u>\$ 2,414,723</u>

A copy of our most recent annual report, Form X-17a-5, is available for examination and copying at the principal office of the firm in New Hartford, New York, as well as the office of the Securities and Exchange Commission in New York, New York.

The accompanying notes are an integral part of these financial statements

M. GRIFFITH INVESTMENT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

**Note 1. Organization and Nature of Business**

M. Griffith Investment Services, Inc. (the Company) is a broker-dealer, registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is a New York corporation and is a wholly owned subsidiary of MGL Associates, Inc.

**Note 2. Summary of Significant Accounting Policies**

Nature of Operations

The Company is an introducing broker, engaged principally in the trading and brokerage of investment company shares (mutual funds), equity securities, bonds, other investment products and investment advisory services.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

Cash - Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all bank money market accounts and certificates of deposit purchased with original maturities of less than three (3) months to be cash equivalents.

Advertising Expense

The Company expenses advertising costs as incurred. The advertising expense was \$18,722 for the current year.

M. GRIFFITH INVESTMENT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

**Note 2. Summary of Significant Accounting Policies (continued)**

Securities Transactions

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Customers' securities transactions are reported on a settlement date basis with related commission income and expenses reported on a trade date basis.

Investments

Securities in the Company's investment account are classified as available for sale and are valued under "mark to market" pricing in accordance with FASB Statement No. 157 for financial statement purposes. All securities valuations are from quoted market prices (unadjusted) and are considered Level 1 inputs in the fair value hierarchy established by FASB Statement No. 157. For tax purposes, any unrealized gain or loss recognized on the investment account is removed from the calculation of taxable income.

Property, Equipment and Depreciation

Property and equipment are recorded at cost. Renewals and betterments of property are accounted for as additions to asset accounts. Repairs and maintenance charges are expensed as incurred. Depreciation is computed using accelerated methods for financial reporting and income tax purposes. Estimated useful lives are as follows:

Office equipment	3 - 7 years
Leasehold improvements	10 - 15 years

Goodwill

The Company adopted SFAS No. 142, which requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually in accordance with the provisions of SFAS No. 142. The Company has completed their testing and has concluded there is no impairment adjustment required in the current year.

Commission Income

Trading, insurance and mutual fund commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

Investment Advisory Income

Investment advisory fees are received monthly and are earned on a pro rata basis over the term of the contract.

M. GRIFFITH INVESTMENT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

**Note 2. Summary of Significant Accounting Policies (continued)**

Income Taxes

The Company has elected to be treated as a Subchapter "S" corporation under the Internal Revenue Code and the New York State Corporation Tax Law. Under these elections, the income, generally, is taxed directly to the shareholder. New York State has enacted a minimum tax on corporations, which resulted in a corporate level tax of \$3,000 for the year ended December 31, 2008, as is reflected in these financial statements.

Compensated Absences

The Company has not accrued for compensated absences. The Company recognizes the compensation expense when it is paid to the employees.

**Note 3. Receivables from Broker-Dealers and Clearing Organizations**

Receivables consist principally of commissions due from the firm's clearing broker, insurance companies and various other mutual funds. Accounts are charged to bad debt expense as they are deemed uncollectible upon a periodic review of the accounts. At December 31, 2008, management deemed that no allowance for uncollectible accounts was considered necessary.

**Note 4. Investments - at market**

Cost and fair value of:	Cost	Market
Mutual Fund - money market	\$ 438,390	\$ 438,390
Certificate of deposit	250,000	250,000
Equity securities	<u>117,350</u>	<u>120,804</u>
Total	<u>\$ 805,740</u>	<u>\$ 809,194</u>
Unrealized gains(loss) - net		<u>\$ (3,454)</u>

**Note 5. Property and Equipment - Net**

A schedule of property and equipment at December 31, 2008 is as follows:

Office equipment	\$ 329,226
Leasehold improvements	<u>48,279</u>
	377,505
Accumulated depreciation	<u>(294,557)</u>
Property and equipment - net	<u>\$ 82,948</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

**Note 5. Property and Equipment - Net (continued)**

Depreciation expense was \$34,795 for the year ended December 31, 2008.

**Note 6. Goodwill (see Note 2)**

As part of the stock purchase from NBT Financial Services, Inc., the Company has previously existing goodwill of \$1,050,000 recorded on the financial statements. The Company adopted SFAS No. 142, which requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually in accordance with the provisions of SFAS No. 142. The Company has completed their testing and has concluded there is no impairment adjustment required in the current year.

**Note 7. Retirement Plans**

The Company maintains a 401(k) pension and profit sharing plan (the Plan). The Company contributes to the Plan based on employees' contributions out of their annual salary. In addition, the Company may also make discretionary contributions to the Plan, based on profitability. Participation in the Plan is contingent upon certain age and service requirements. There were no discretionary contributions made for 2008. Pension expense was \$121,175 for the year ended December 31, 2008.

**Note 8. Commitments and Contingencies**

Operating Leases

The Company has a five-year lease on its office in New Hartford, New York, with David T. Griffith (President) through March 2010. Currently, the lease provides for payments of \$127,500 annually. Per the contract terms, the tenant is responsible for general repair and maintenance, utilities and real estate taxes above the base year cost. Total rent expense was \$127,500 for the year ended December 31, 2008.

The Company has various auto leases with different terms, lenders and dates of expiration ranging from November 2008 through November 2009. Future lease terms require annual payments of \$17,210. Total vehicle lease expense net of reimbursements was \$21,171 for the year ended December 31, 2008.

The Company has various other operating leases expiring through February 2010, requiring annual payments of approximately \$5,043.

M. GRIFFITH INVESTMENT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

**Note 8. Commitments and Contingencies (continued)**

The minimum annual rental commitments over the next five years are as follows:

	Real Estate	Vehicles	Equipment	Total
2009	\$ 127,500	\$ 17,210	\$ 5,043	\$ 149,753
2010	31,875	-	3,345	35,220
2011	-	-	3,005	3,005
2012	-	-	-	-
2013	-	-	-	-
Total	<u>\$ 159,375</u>	<u>\$ 17,210</u>	<u>\$ 11,393</u>	<u>\$ 187,978</u>

**Note 9. Related Party Transactions**

Leases

The Company leases office space from its President, as is mentioned in Note 7. Rent paid under this agreement amounted to \$127,500 for the year ended December 31, 2008.

**Note 10. Off-Balance-Sheet Credit Risk and Concentrations of Credit Risk**

In the normal course of business, the Company's customer and correspondent clearance activities involve the execution and settlement of various securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other party is unable to fulfill contractual obligations. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customer's obligations. The Company is, therefore, exposed to risk of loss on these transactions. Settlement of these transactions is not expected to have a significant effect upon the Company's

The Company does not engage in proprietary trading of volatile securities such as short options and futures.

M. GRIFFITH INVESTMENT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

**Note 11. Net Capital Requirements**

As a registered broker-dealer, M. Griffith Investment Services, Inc. is subject to the requirements of rule 15c3-1 ("the net capital rule") under the Securities and Exchange Act of 1934. The basic concept of the rule is liquidity, its object being to require a broker-dealer to have, at all times, sufficient liquid assets to cover its current indebtedness. Specifically, the rule prohibits a broker-dealer from permitting its "aggregate indebtedness" from exceeding fifteen times its "net capital" as those terms are defined and the rule also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. On December 31, 2008, M. Griffith Investment Services, Inc.'s aggregate indebtedness and net capital were \$327,561 and \$762,319, respectively, a ratio of .43 to 1, and net capital exceeded the minimum capital requirement of \$250,000 by \$512,319.

A copy of our most recent annual report Form X-17a-5 is available for examination and copying

END