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UNITED STATES  
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- 41974        |

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: McFARLAND DEWEY SECURITIES CO., L.P.

|                   |
|-------------------|
| OFFICIAL USE ONLY |
| FIRM I.D. NO.     |

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

420 LEXINGTON AVENUE, SUITE 2650

|                  |                               |              |
|------------------|-------------------------------|--------------|
| <u>NEW YORK,</u> | (No. and Street)<br><u>NY</u> | <u>10170</u> |
| (City)           | (State)                       | (Zip Code)   |

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

ALAN McFARLAND 212-916-7462  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

MARCUM & KLIEGMAN LLP

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

655 THIRD AVENUE, 16TH FLOOR NEW YORK

(Address)

**PROCESSED**

**MAR 12 2009**

**THOMSON REUTERS**

|                                    |                    |
|------------------------------------|--------------------|
| NEW YORK                           | 100-17             |
| SECURITIES AND EXCHANGE COMMISSION | (State) (Zip Code) |
| FEB 20 2009                        |                    |
| BRANCH OF REGISTRATIONS            |                    |
| 05                                 |                    |

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)

SEC 1410 (06-02)

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MCFARLAND DEWEY SECURITIES CO., L.P.

STATEMENT OF FINANCIAL CONDITION

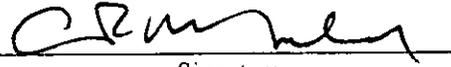
December 31, 2008

OATH OR AFFIRMATION

I, ALAN R. MCFARLAND, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MCFARLAND DEWEY SECURITIES CO., L.P., 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:

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

**Eleanor A. Gilhooley**  
**Notary Public, State of New York**  
**No. 24-494826**  
**Qualified in Kings County**  
**Commission Expires March 27, 2011**

  
Signature

MANAGING MEMBER  
Title

  
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).

# MCFARLAND DEWEY SECURITIES CO., L.P.

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**Marcum & Kliegman LLP**  
**Certified Public Accountants & Consultants**  
A Limited Liability Partnership Consisting of Professional Corporations

INDEPENDENT AUDITORS' REPORT

To the Partners of  
McFarland Dewey Securities Co., L.P.

We have audited the accompanying statement of financial condition of McFarland Dewey Securities Co., L.P. (the "Partnership") as of December 31, 2008, that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Partnership's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, 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 statement referred to above presents fairly, in all material respects, the financial position of McFarland Dewey Securities Co., L.P. as of December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

*Marcum & Kliegman LLP*

New York, New York  
February 26, 2009

# MCFARLAND DEWEY SECURITIES CO., L.P.

## STATEMENT OF FINANCIAL CONDITION

December 31, 2008

### ASSETS

|                     |    |              |                  |
|---------------------|----|--------------|------------------|
| Cash                | \$ | 25,779       |                  |
| Accounts receivable |    | <u>3,546</u> |                  |
| TOTAL ASSETS        |    |              | <u>\$ 29,325</u> |

### LIABILITIES AND PARTNERS' CAPITAL

#### LIABILITIES

|                   |  |  |                  |
|-------------------|--|--|------------------|
| Accrued expenses  |  |  | <u>\$ 16,000</u> |
| TOTAL LIABILITIES |  |  | 16,000           |

#### PARTNERS' CAPITAL

|                               |    |              |               |
|-------------------------------|----|--------------|---------------|
| General Partner               | \$ | 14,309       |               |
| Limited Partners (Deficiency) |    | <u>(984)</u> |               |
| TOTAL PARTNERS' CAPITAL       |    |              | <u>13,325</u> |

|  |  |  |                  |
|--|--|--|------------------|
| TOTAL LIABILITIES AND PARTNERS'<br>CAPITAL |  |  | <u>\$ 29,325</u> |
|--|--|--|------------------|

*The accompanying notes are an integral part of this financial statement.*

# MCFARLAND DEWEY SECURITIES CO., L.P.

## NOTES TO FINANCIAL STATEMENT

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### NOTE 1 - Summary of Significant Accounting Principles

#### Nature of Business

McFarland Dewey Securities Co., L.P. (the "Partnership") is a registered broker and dealer in securities under the Securities Exchange Act of 1934, as amended, and is a member of the Financial Industry Regulatory Authority ("FINRA").

The Partnership was formed on July 1, 1989 as a limited partnership under the laws of the State of Delaware for the purpose of engaging in the business of broker and dealer activities, principally as a financial advisor in the private placement of securities.

#### Income Taxes

As a Partnership, income or loss from the Partnership's activities is allocated among the partners based on their respective profit percentages, pursuant to the Partnership's operating agreement. No liability has been recorded for federal and state income taxes, since such taxes, if any, accrue to the partners. Income taxes payable relate to the New York City Unincorporated Business Tax ("NYCUBT").

The Partnership recognizes deferred tax assets or liabilities for the future tax consequences of events that have been recognized in their financial statements or income tax returns. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Partnership prepares its tax returns on a cash basis. Accordingly, the Partnership records deferred tax assets or liabilities for the increase or decrease in future years' tax liabilities related to the temporary differences which arise by utilizing these two accounting methods.

#### Use of Estimates in the Financial Statement

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America 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 statement. Actual results could differ from these estimates.

#### Concentration of Credit Risk

The Partnership maintains cash with major financial institutions. Cash is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 at each institution. At times, such amounts may exceed the FDIC limits.

# MCFARLAND DEWEY SECURITIES CO., L.P.

## NOTES TO FINANCIAL STATEMENT

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### NOTE 1 - Summary of Significant Accounting Principles, continued

#### Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement No. 109". FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company recognizes such tax benefits based upon the tax provision being more-likely-than-not to be sustained upon examination by taxing Authorities. On December 30, 2008, the FASB issued FASB Staff Position No. 48-3 which deferred the effective date of FIN 48 for nonpublic entities that have not yet issued to third parties a full set of annual financial statements that incorporate the recognition, measurement, and disclosure requirements of FIN 48. The Company is required to adopt FIN 48 as of January 1, 2009 and that adoption will be reflected in its financial statement for the year ending December 31, 2009. The Company is currently evaluating the impact of the application of this Interpretation.

### NOTE 2 - Adoption of Statement of Financial Accounting Standards No. 157

Effective January 1, 2008, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" ("SFAS 157"), for assets and liabilities measured at fair value on a recurring basis. The adoption of SFAS 157 had no effect on the Company's financial statement. SFAS 157 accomplishes the following key objectives:

- Defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date;
- Establishes a three-level hierarchy (the "Valuation Hierarchy") for fair value measurements;
- Requires consideration of the Company's creditworthiness when valuing liabilities; and
- Expands disclosures about instruments measured at fair value.

# MCFARLAND DEWEY SECURITIES CO., L.P.

## NOTES TO FINANCIAL STATEMENT

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### NOTE 2 - Adoption of Statement of Financial Accounting Standards No. 157, continued

The Valuation Hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the Valuation Hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of the Valuation Hierarchy and the distribution of the Company's financial assets within it are as follows:

- Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - inputs to the valuation methodology included quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short-term, highly liquid nature. These instruments include cash and cash equivalents, accounts receivable, accrued expenses and other liabilities, and deferred revenue.

In February 2008, the FASB issued Staff Position 157-2 ("FSP 157-2"). FSP 157-2 permits delayed adoption of SFAS 157 for certain non-financial assets and liabilities, which are not recognized at fair value on a recurring basis, until fiscal years and interim periods beginning after November 15, 2008. As permitted by FSP 157-2, the company has elected to delay the adoption of SFAS 157 for qualifying non-financial assets and liabilities, such as property and equipment. The effect upon adoption of SFAS 157 on applicable non-financial assets and liabilities is not expected to be material.

### NOTE 3 - Related Party Transactions

The General Partner incurs various general and administrative expenses, such as occupancy and certain employee benefit costs, on behalf of the Partnership that are allocated to the Partnership.

# MCFARLAND DEWEY SECURITIES CO., L.P.

## NOTES TO FINANCIAL STATEMENT

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### NOTE 4- Net Capital Requirements

The Partnership is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2008, the Partnership's net capital of \$9,779 was \$4,779 in excess of its required net capital of \$5,000. The Partnership's net capital ratio was 1.64 to 1 at December 31, 2008.

*END*