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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**

Mail Processing Section

MAR 02 2009

SEC FILE NUMBER
8- 34299

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: FIRST SOUTH CAROLINA SECURITIES, INC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

6300 St. Andrews Road, Suite B

(No. and Street)

Columbia,

South Carolina

29212

(City)

(State)

(Zip Code)

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

John L. Jordan

(803) 731-0455

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

James J. Walker, CPA, P.A.

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

P.O. Box 32

Blythewood,

South Carolina

29016

(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)

AB  
3/24

OATH OR AFFIRMATION

I, John L. Jordan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of First South Carolina Securities, Inc., as of December 31, 20 08, 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:

John L. Jordan  
Signature

President  
Title

Susan D. Faulkenberry  
Notary Public

SUSAN D. FAULKENBERRY  
NOTARY PUBLIC  
STATE OF SOUTH CAROLINA  
MY COMMISSION EXPIRES  
JAN. 11, 2009

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).

**FIRST SOUTH CAROLINA SECURITIES, INC.**

**COLUMBIA, SOUTH CAROLINA**

**DECEMBER 31, 2008**

**FIRST SOUTH CAROLINA SECURITIES, INC.**

**COLUMBIA, SOUTH CAROLINA**

**INDEX**

**DECEMBER 31, 2008**

**INDEPENDENT AUDITORS' REPORT  
STATEMENT OF FINANCIAL CONDITION  
STATEMENT OF OPERATIONS  
STATEMENT OF STOCKHOLDERS' EQUITY  
STATEMENT OF CASH FLOWS**

**NOTES TO FINANCIAL STATEMENTS**

**OTHER FINANCIAL INFORMATION**

**SCHEDULES**

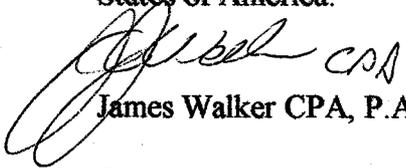
- 1 COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION**
- 2 EXEMPTION FROM RULE 15c3-3 SPECIAL RESERVE BANK ACCOUNT ARRANGEMENTS UNDER RULE 15c3-3 (k) (2) (i) OF THE SECURITIES EXCHANGE COMMISSION**
- 3 INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION**
- 4 INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**

## INDEPENDENT AUDITORS' REPORT

I have audited the accompanying statement of financial condition of First South Carolina Securities, Inc. as of December 31, 2008, and the related statements of operations, stockholders equity, and cash flows for the year then ended. 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 generally accepted auditing standards 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, the financial statements referred to above present fairly, in all material respects, the financial position of First South Carolina Securities, Inc. 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 accepted in the United States of America.



James Walker CPA, P.A.

Columbia, South Carolina  
February 15, 2009

FIRST SOUTH CAROLINA SECURITIES, INC.

COLUMBIA, SOUTH CAROLINA

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2008

ASSETS

Cash and Cash Equivalents	\$ 422,524.59
Certificates of Deposit	450,338.49
Accounts Receivable	900.00
Prepaid Taxes	929.00
Furnishings and Equipment, at Cost, \$51,968.40	
Less Accumulated Depreciation	
of \$50,953.69	1,014.71
Cash Value of Life Insurance	287,239.13
Deposits	<u>875.00</u>
<u>Total Assets</u>	<u>1,163,820.92</u>

Liabilities and Stockholders' Equity

Current Liabilities

Accounts Payable, Accrued Expenses	
and Other Liabilities	50,490.64
Deferred Taxes	<u>139.00</u>
<u>Total Liabilities</u>	<u>50,629.64</u>

Stockholders' Equity

Common Stock	134,067.00
Retained Earnings	<u>979,124.28</u>
<u>Total Stockholders' Equity</u>	<u>1,113,191.28</u>

<u>Total Liabilities and Stockholders' Equity</u>	<u>1,163,820.92</u>
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The Accompanying Notes are an Integral Part of this Statement

FIRST SOUTH CAROLINA SECURITIES, INC.

COLUMBIA, SOUTH CAROLINA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2008

Revenues

Net Gains on Trading Securities	\$296,675.93
Interest	28,564.58
Fees for Advisory and Management Services	<u>133,900.00</u>

Total Revenue 459,140.51

Expenses

Employee Compensation and Other Costs	393,400.30
Clearing and Custody	3,119.25
Communications	17,628.86
Interest	66.04
Occupancy and Equipment	13,295.38
Promotional Costs and Travel	5,852.67
Licensing, Regulatory Fees and Costs	675.00
Other Operating	<u>(4,893.69)</u>

Total Expenses 429,143.81

Net Income Before Income Taxes 29,996.70

Income Taxes, Including a Deferred Tax  
Decrease of \$228.00 2563.00

Net Income 27,433.70

The Accompanying Notes are an Integral Part of this Statement

FIRST SOUTH CAROLINA SECURITIES, INC.

COLUMBIA, SOUTH CAROLINA

STATEMENT OF STOCKHOLDERS' EQUITY

AS OF DECEMBER 31, 2008

Common Stock

Class A

Balance January 1 and December 31

\$134,067.00

Retained Earnings

Balance January 1

951,690.58

Net Income

27,433.70

Balance December 31

979,124.28

Total Stockholders' Equity

1,113,191.28

The Accompanying Notes are an Integral Part of this Statement

FIRST SOUTH CAROLINA SECURITIES, INC.

COLUMBIA, SOUTH CAROLINA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2008

Cash Flows From Operating Activities

Net Income	\$ 27,433.70
Plus Depreciation	1,139.00
Increase (Decrease) in Deferred Income Taxes	<u>(228.00)</u>
	28,344.70

Changes in Operating Assets and Liabilities

(Increase) Decrease in Receivables	6,536.67
(Increase) Decrease in Prepaid Taxes	<u>(929.00)</u>
Increase (Decrease) in Accounts Payable and Accrued Expenses	<u>(18,458.41)</u>

Net Cash Provided by Operating Activities

15,493.96

Cash Flows Provided by Investing Activities

Net sale of Investments	208,000.95
Repayments of Notes	<u>(160,716.14)</u>
Decrease in Cash Value of Life Insurance	<u>20,829.43</u>

Net Cash provided by Investing Activities

68,114.24

Increase (Decrease) in Cash and Cash Equivalents 83,608.20

Cash and Cash Equivalents - Beginning of Year 338,916.39

Cash and Cash Equivalents - End of Year 422,524.59

Supplemental Disclosure

Cash Paid During the Year for Income Taxes \$ 3,720.00

The Accompanying Notes are an Integral Part of this Statement

FIRST SOUTH CAROLINA SECURITIES, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2008

1. Significant Accounting Policies

The company uses the accrual method of accounting.

Customers' securities transactions are recorded on a settlement date basis. Securities are valued at market value. The resulting difference between cost and market (or fair value) is included in income.

Deferred Income Taxes are provided when expenses, relating to depreciation of office equipment, are recognized in different years for financial and tax reporting purposes. Deferred Income taxes also arise from operating loss carry forwards.

Depreciation is provided on a straight-line basis, using estimated useful lives of five to seven years for office furniture and equipment.

2. Cash

Special restrictions for the benefit of customers under Rule 15c3-3(k)(2)(i) of the Securities and Exchange Commission applied to none of the funds on deposit as of December 31, 2008. Cash defined for purposes of these financial statements is cash on deposit in local banking institutions subject to immediate withdrawal.

3. Certificates of Deposit

Certificates of deposit are insured and have maturity dates of less than one year.

4. Net Capital Requirements

The company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule, 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 \$1,007,220.88 in excess of its required net capital of \$100,000.00. The company's ratio of aggregate indebtedness to net capital was .05 to 1.

5. Income Taxes

Deferred taxes were decreased by \$228.00 as a result of decreased depreciation timing differences.

6. Lease Obligations

The Company leases office facilities through July 31, 2009. Minimum rental commitments over the next five years are as follows:

<u>Year Ending</u>	<u>Amount</u>
12-31-09	6,125.00

FIRST SOUTH CAROLINA SECURITIES, INC.

COLUMBIA, SOUTH CAROLINA

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF  
THE SECURITIES AND EXCHANGE COMMISSION

AS OF DECEMBER 31, 2008

NET CAPITAL

Total Stockholders' Equity		\$1,113,191.28
Ownership Equity Not Allowable		-
Other Deductions or Credits		-
Total Capital Allowable		1,113,191.28
Deductions and/or Charges:		
Nonallowable Assets		
Accrued Interest and Accounts Receivable	2,074.00	
Furniture and Equipment	<u>1,014.71</u>	<u>3,718.71</u>
Net Capital Before Haircuts on Securities		1,109,472.57
Haircuts on Securities		<u>2,251.69</u>
Net Capital		<u>1,107,220.88</u>

Aggregate Indebtedness

Items Included in Financial Statement		
Accounts Payable, Accrued Expenses and Other Liabilities		<u>50,490.64</u>
Total Aggregate Indebtedness		50,490.64

Basic Net Capital Requirement

Minimum (15:1)		<u>3,366.04</u>
Minimum Dollar Amount		<u>100,000.00</u>
Greater of the Above		<u>100,000.00</u>
Excess Net Capital		1,007,220.88
Ratio of Aggregate Indebtedness to Net Capital		.05 to 1

FIRST SOUTH CAROLINA SECURITIES, INC.

COLUMBIA, SOUTH CAROLINA

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF  
THE SECURITIES AND EXCHANGE COMMISSION

AS OF DECEMBER 31, 2008

Reconciliation with Company's Computation

(Part II of Form x-17a-5 as of December 31, 1996)

Net Capital as Reported in Company's Part II

(Unaudited) FOCUS Report

\$1,107,220.88

Auditors' Adjustment

0.00

Net Capital per Above

1,107,220.88

FIRST SOUTH CAROLINA SECURITIES, INC.

COLUMBIA, SOUTH CAROLINA

EXEMPTION FROM RULE 15c3-3 SPECIAL RESERVE BANK  
ACCOUNT ARRANGEMENT UNDER RULE 15c3-3 (k) (2) (i) OF  
THE SECURITIES AND EXCHANGE COMMISSION

AS OF DECEMBER 31, 2008

The Company operates so as to meet the exemption under Securities and Exchange Commission Rule 15c3-3 (k) (2) (i) from the special reserve requirement of Rule 15c3-3.

Most transactions involve delivery contemporaneous with payment under arrangement with a bank (DVP arrangements). A special reserve bank account for the benefit of customers is established at Wachovia Bank for Rule (k) (2) (i) purposes.

As of December 31, 2008 the Company had no funds which were required to be deposited in the special account.

FIRST SOUTH CAROLINA SECURITIES, INC.

COLUMBIA, SOUTH CAROLINA

INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS  
UNDER RULE 15c3-3 OF  
THE SECURITIES AND EXCHANGE COMMISSION

AS OF DECEMBER 31, 2008

1. Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date) but for which the required action was not taken by respondent within the time frames specified under Rule 15c3-3  

None  
=====
- A. Number of items  

None  
=====
2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.  

None  
=====
- A. Number of items  

None  
=====

**JAMES J. WALKER C.P.A., P.A.**

**P.O. BOX 140**

**BLYTHEWOOD, S.C. 29016**

**(803) 754-5887**

Board of Directors  
First South Carolina Securities, Inc.  
Columbia, South Carolina

Independent Auditors' Report on  
Internal Accounting Control  
Required by SEC Rule 17a-5

In planning and performing my audit of the financial statements of First South Carolina Securities, Inc. for the year ended December 31, 2008, I considered its internal control structure, including procedures 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 the internal control structure.

Also, as required by Rule 17a-5(g) (1) of the Securities and Exchange Commission, I have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by First South Carolina Securities, Inc. that I considered relevant to the objectives stated in Rule 17a-5(g): (1) in making the periodic computations of aggregate indebtedness (or aggregate debts) and net capital under Rule 17a-3 (a) (11) and the reserve required by Rule 15c3-3(e); (2) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13; (3) in complying with the requirements for prompt payment for securities under section 8 of Regulation T of the Board of Governors of the Federal Reserve System; and (4) in obtaining and maintaining physical possession or control of all fully paid excess margin securities of customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 internal control structure policies and procedures 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 Commission's above mentioned objectives.

Two of the objectives of an internal control structure 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 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 any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the structure 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 the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure element does not reduce to a relatively low level the risk that errors or irregularities 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. I noted no matters involving the internal control structure and its operation that I considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the consolidated financial statements of First South Carolina Securities, Inc. for the year ended December 31, 2008, and this report does not affect my report thereon dated February 15, 2009.

Board of Directors  
First South Carolina Securities, Inc.  
Page 3

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission 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 my study, I believe that the Company's practices and procedures were adequate at December 31, 2008, to meet the Commissions objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the New York Stock Exchange and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

A handwritten signature in black ink, appearing to read "J. L. ... CAA", is written over the typed name and date.

Columbia, South Carolina  
February 15, 2009