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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

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ANNUAL AUDITED REPORT FORM X-17A-5 PART III

SEC FILE NUMBER 8- 65170

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: DOUGLAS FINANCIAL, L.L.C.

OFFICIAL USE ONLY FIRM I.D. NO.

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

654 MADISON AVENUE, SUITE 1009

(No. and Street)

NEW YORK

NY

10021

(City)

(State)

(Zip Code)

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

DAVID MACK

1 212-744-1549

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

FOX & JURAN

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

295 MADISON AVENUE

NEW YORK

NY

10017

(Address)

(City)

(State)

(Zip Code)

SEC Mail Processing Section

CHECK ONE:

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

FEB 27 2009

Washington, DC 111

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 (08-02)

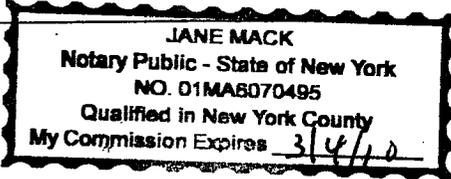
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Handwritten signature

OATH OR AFFIRMATION

I, DAVID MACK, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of DOUGLAS FINANCIAL, L.L.C., 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:

NO EXCEPTIONS



David Mack
Signature
FINOP
Title

Jane Mack
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).

DOUGLAS FINANCIAL, L.L.C.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008

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Section

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Washington, DC
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UNITED STATES
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Washington, D.C. 20549

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FORM X-17A-5
PART III

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MM/DD/YY MM/DD/YY

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FIRM I.D. NO.

654 MADISON AVENUE, SUITE 1009

(No. and Street)

NEW YORK

NEW YORK

10021

(City)

(State)

(Zip Code)

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

DAVID MACK

(212) 744-1549

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

FOX & JURAN

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

295 MADISON AVENUE

NEW YORK

NY

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- Certified Public Accountant
 Public Accountant
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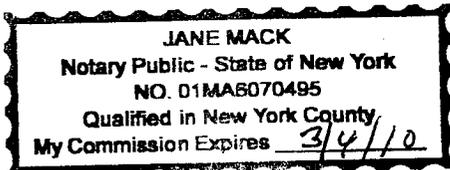
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NO EXCEPTIONS



David Mack
Signature
FINOP
Title

Jane Mack
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.
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(g) Computation of Net Capital.
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(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
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(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).

FOX & JURAN
CERTIFIED PUBLIC ACCOUNTANTS

295 MADISON AVENUE
NEW YORK, N.Y. 10017

TEL. 212-689-4871
FAX 212-689-4843

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
NY STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

MARTIN MERMELSTEIN, C.P.A.
HOWARD CLAMPMAN, C.P.A.

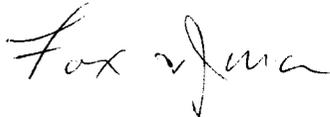
To The Members'
Douglas Financial, L.L.C.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have audited the accompanying Statement of Financial Condition of Douglas Financial, L.L.C. 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 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 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 statement of financial condition referred to above presents fairly, in all material respects, the financial position of Douglas Financial, L.L.C. as of December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.



New York, New York

February 18, 2009

DOUGLAS FINANCIAL, L.L.C.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008

ASSETS

Cash \$ 42,283

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES

Accounts payable and accrued expenses \$ 10,315

MEMBERS' EQUITY

Members' equity 31,968

TOTAL LIABILITIES AND MEMBERS' EQUITY \$ 42,283

See Notes To Financial Statements

DOUGLAS FINANCIAL, L.L.C.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Douglas Financial, L.L.C. (the Company) is a New Jersey limited liability Company that was formed on October 10, 2001. Registration as a Broker-Dealer under the Securities Exchange Act of 1934 was effective January 31, 2002.

The Company's income is derived from fees earned by raising money from entities and individuals for placement with money managers and investing by professional managers with whom the Company has agreements. The Company also receives fees from individuals acting as registered representatives of the firm.

CASH AND CASH EQUIVALENTS

For the purpose of reporting cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

REVENUES

The Company records income from investment banking and service fees as earned, generally upon closing of a transaction.

INCOME TAXES

The Company elected to be treated as a general partnership for tax purposes. Accordingly, no provision or liability for federal or state income taxes is reflected in the accompanying financial statements. The partners are liable for the individual tax returns on their respective interest of the Company's taxable income or loss.

OPERATIONS

The members have committed to fund operating deficits of the Company.

2. COMMITMENTS

The Company leases office space on a month to month basis. Total rent expense was \$3,500 for the year ended December 31, 2008.

DOUGLAS FINANCIAL, L.L.C.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

3. NET CAPITAL

The Company is subject to the Securities & Exchange Commission Uniform Net capital Rule 15c3-1, which requires 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 and aggregate indebtedness of \$31,968 and \$10,315 respectively. The net capital ratio was .3227 or 32.27% compared to a maximum allowable percentage of 1,500%. Net capital exceeded requirements by \$26,968.

4. ANNUAL REPORT

Pursuant to the Securities & Exchange Commission Rule 17a-5, the Statement of Financial Condition is available for examination at the Company's principal place of business, 654 Madison Avenue, Suite 1009, New York, NY 10022 and at the regional office of the Commission located at 3 World Financial Center, Room 4300, New York, NY 10281.

5. SETTLED LITIGATION

In September 2008, the Company submitted to FINRA a letter of acceptance, waiver and CONSENT ("AWC") for the purpose of proposing a settlement of alleged rule violations described as follows:

1. The company failed to establish, maintain and enforce a reasonable supervisory system designed to achieve compliance with FINRA rules governing the review of e-mail correspondence. The Company permitted its registered representatives to use third party e-mail system but respondent did not reasonably enforce a system to audit or review such e-mail correspondence on a systematic basis.
2. The Company used electronic storage media (ESM) and failed to notify FINRA of its use of EMS as required by SEC rules.

The Company also consented to the imposition of the following sanctions:

Censure and a fine of \$15,000.

In October 2008, FINRA accepted the "AWC" and received a payment from the Company of \$15,000.