

316



09058768

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SEC Mail Processing
Section

FEB 27 2009

Washington, DC
110

OMB APPROVAL
OMB Number: 3235-0123
Expires: January 31, 2007
Estimated average burden
hours per response . . . 12.00

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

SEC FILE NUMBER
8-66719

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

ORCHARD SECURITIES, LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

150 W CIVIC CENTER DR, SUITE 104

(No. and Street)

SANDY

(City)

UTAH

(State)

84070

(Zip Code)

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

CHARLES BADALAMENTI

(801) 553-1031

(Area Code --- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in the Report*

HANSEN, BARNETT & MAXWELL, P.C.

(Name - if individual state ias: first, middle name)

5 TRIAD CENTER, SUITE 750

(Address)

SALT LAKE CITY

(City)

UTAH

(State)

84180-1128

(Zip Code)

CHECK ONE:

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

AB
3/17

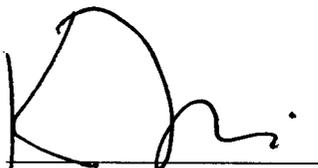
FOR OFFICIAL USE ONLY

* 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 (3-91)

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

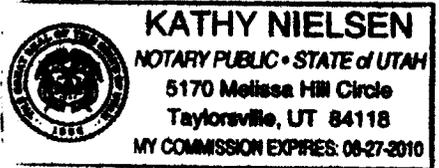
I, CHARLES BADALAMENTI, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ORCHARD SECURITIES, LLC, as of DECEMBER 31, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Notary Public



Signature
CEO
Title



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 Stockholders' Equity or Partners' or Sole Proprietor's 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).

1. Company has no liabilities that are subordinated to claims of creditors.
2. Company exempt under 15c301(2).
3. Company is not a consolidated entity.

HANSEN, BARNETT & MAXWELL, P.C.

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

5 Triad Center, Suite 750
Salt Lake City, UT 84180-1128

Phone: (801) 532-2200

Fax: (801) 532-7944

www.hbmcpas.com

Registered with the Public Company
Accounting Oversight Board



A Member of the Forum of Firms

INDEPENDENT AUDITORS' REPORT

Members and Board of Directors
Orchard Securities, LLC
Sandy, Utah

We have audited the accompanying statements of financial condition of Orchard Securities, LLC as of December 31, 2008 and 2007, and the related statements of operations, members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 Orchard Securities, LLC as of December 31, 2008 and 2007, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the computation and reconciliation of net capital 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 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audits 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.

Hansen, Barnett & Maxwell, P.C.
HANSEN, BARNETT & MAXWELL, PC

Salt Lake City, Utah
February 24, 2009

ORCHARD SECURITIES, LLC
STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2008 AND 2007

	2008	2007
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 514,700	\$ 1,140,180
Accounts receivable, net of allowance for doubtful accounts of \$20,477 and \$23,902, respectively	118,046	75,316
Receivables from affiliates	6,425	2,382
Other receivables	16,154	14,699
Prepaid expense	18,157	32,821
Other assets	453	1,551
Total Current Assets	673,935	1,266,949
Office equipment	53,780	43,325
Accumulated depreciation	(12,490)	(3,243)
Total Office Equipment	41,290	40,082
Goodwill	55,000	55,000
Total Assets	\$ 770,225	\$ 1,362,031
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 44,158	\$ 42,868
Commissions payable	36,000	344,523
Accrued payroll and related expenses	81,642	76,716
Accrued expenses and other liabilities	2,600	3,340
Total Current Liabilities	164,400	467,447
Members' Equity	605,825	894,584
Total Liabilities and Member's Equity	\$ 770,225	\$ 1,362,031

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

ORCHARD SECURITIES, LLC
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Revenues		
Underwriting and selling groups	\$ 18,523,248	\$ 31,405,368
Other	234,337	469,957
Interest income	<u>10,021</u>	<u>7,758</u>
Total Revenues	<u>18,767,606</u>	<u>31,883,083</u>
Expenses		
Selling group commissions	16,101,687	27,477,387
Compensation and related benefits	2,204,712	2,529,727
Office overhead and operating	361,695	400,508
Professional fees	151,939	155,428
Training	38,678	39,081
Licensing and registration	61,511	9,504
Depreciation	9,248	3,243
Other	<u>126,895</u>	<u>450,094</u>
Total Expenses	<u>19,056,365</u>	<u>31,064,972</u>
Net (Loss) Income	<u>\$ (288,759)</u>	<u>\$ 818,111</u>
Members' Equity, Beginning of Period	894,584	188,623
Member Contributions	-	-
Member Distributions	<u>-</u>	<u>(112,150)</u>
Members' Equity, End of Period	<u>\$ 605,825</u>	<u>\$ 894,584</u>

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

ORCHARD SECURITIES, LLC
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>Common Units</u>	<u>Paid in Capital</u>	<u>Retained Earnings</u>	<u>Member's Equity</u>
Balance at December 31, 2006	1,000	\$ 113,150	\$ 75,473	\$ 188,623
Distribution to Members		(112,150)		(112,150)
Net Income			818,111	818,111
Balance at December 31, 2007	1,000	1,000	893,584	894,584
Net Loss			(288,759)	(288,759)
Balance at December 31, 2008	1,000	\$ 1,000	\$ 604,825	\$ 605,825

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

ORCHARD SECURITIES, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities		
Net income	\$ (288,759)	\$ 818,111
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation expense	9,248	3,243
Changes in certain operating assets and liabilities:		
Accounts receivable	(42,730)	43,740
Receivables from affiliates	(4,043)	(2,382)
Accounts payable	1,290	32,762
Commissions payable	(308,523)	344,523
Accrued payroll and related expenses	4,926	76,716
Other operating assets/liabilities	13,567	(49,709)
Net Cash (Used In) Provided By Operating Activities	<u>(615,024)</u>	<u>1,267,004</u>
Cash Flows From Investing Activities		
Purchase of office equipment	<u>(10,456)</u>	<u>(43,325)</u>
Net Cash Used In Investing Activities	<u>(10,456)</u>	<u>(43,325)</u>
Cash Flows From Financing Activities		
Member Distributions	<u>-</u>	<u>(112,150)</u>
Net Cash Used In Financing Activities	<u>-</u>	<u>(112,150)</u>
Net Change in Cash and Cash Equivalents	(625,480)	1,111,529
Cash and Cash Equivalents At Beginning of Year	<u>1,140,180</u>	<u>28,651</u>
Cash and Cash Equivalents At End of Year	<u>\$ 514,700</u>	<u>\$ 1,140,180</u>

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

ORCHARD SECURITIES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

Note 1 – Organization and Description of Business

Orchard Securities, LLC (“Company”), a Utah limited liability company, is organized and registered to engage in the securities business as a broker-dealer in all 50 states and the District of Columbia under the Securities Exchange Act of 1933, as amended. The Company is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”), the Securities Investor Protection Corporation, and is registered with the United States Securities & Exchange Commission (“SEC”).

The owners of the Company purchased an existing broker-dealer in March 2006 and as an equity contribution contributed all membership interests in the purchased broker-dealer to the Company. Formal approval to operate as a broker-dealer and to conduct securities business as the newly formed broker-dealer was granted from the NASD on October 3, 2006 and from the State of Utah on October 12, 2006.

As an LLC, the equity structure is similar to a partnership while the owners/members are afforded legal liability protection similar to a corporation.

The Company is primarily engaged in providing underwriting services related to the private placement of real estate securities.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. In preparing the financial statements, management is required 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. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from those estimates.

Recognition of Revenues and Expenses

Revenues and expenses from all securities transactions are recorded on the close date of the underlying real estate. The Company does not participate in any proprietary securities transactions.

Cash and Cash Equivalents

Cash consists of bank deposits with two institutions insured by the FDIC in 2008 and one institution insured by the FDIC in 2007. At December 31, 2008 and 2007, the Company had cash of \$94,592 and \$1,040,180, respectively, in excess of FDIC limits.

Accounts Receivable

Accounts receivable are amounts due for expenses paid by the Company on behalf of other parties. The Company regularly reviews its accounts receivable and makes provisions for potentially uncollectible balances. At December 31, 2008 and 2007, management recorded a provision against accounts receivable totaling \$20,477 and \$23,902, respectively, due to the aging status of certain receivables.

Office Equipment

Office equipment is carried at cost. Maintenance, repairs, and minor renewals are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of equipment, which range between three and seven years. Depreciation expense for the year ended December 31, 2008 and 2007 was \$9,248 and \$3,243, respectively.

Goodwill

Goodwill represents the excess of the amount paid over the fair value of net assets acquired in a business combination. In accordance with Statement of Financial Accounting Standards (“SFAS”) No. 142, goodwill and other indefinite lived intangible assets are no longer amortized, but are reviewed annually for impairment. As of December 31, 2008 and 2007, the Company deemed no impairment of goodwill for the periods then ended.

Income Taxes

The Company is taxed as a limited liability company, thus all profits and losses are passed through to the individual members, and accordingly, the Company records no tax provision.

Financial Instruments

Financial instruments include accounts receivable and accounts payable. Management estimates that the carrying amount of these financial instruments represents their fair values, which were determined by their near term nature or by comparable financial instruments’ market value.

Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations*, and SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements*. SFAS No. 141(R) requires an acquirer to measure the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. SFAS No. 160 clarifies that a non-controlling interest in a subsidiary should be reported as equity in the consolidated financial statements, consolidated net income shall be adjusted to include the net income attributed to the non-controlling interest and consolidated comprehensive income shall be adjusted to include the comprehensive income attributed to the non-controlling interest. The calculation of earnings per share will continue to be based on income amounts attributable to the parent. SFAS No. 141(R) and SFAS No. 160 are effective for financial statements issued for fiscal years beginning after December 15, 2008. Early adoption is prohibited. The Company has not yet determined the effect on our consolidated financial statements, if any, upon adoption of SFAS No. 141(R) or SFAS No. 160.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities*. SFAS No. 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company does not expect that the adoption of SFAS No. 161 will have a material impact on its consolidated financial statements.

In April 2008, the FASB issued FSP FAS 142-3, *Determination of the Useful Life of Intangible Assets* (FSB FAS 142-3). FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets*. The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under FAS FAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141(R) and other generally accepted accounting principles. FSP FAS 142-3 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2008. The Company has not yet determined the effect on its consolidated financial statements, if any, that will occur upon adoption of FSP FAS 142-3.

Note 3 – Expense Sharing Agreement

During 2008 and 2007, contract specific arrangements were consummated on an arms length basis between the Company and a broker-dealer of which certain of the officers are also officers of the Company, which result in monies being owed between the two companies. At December 31, 2008, amounts due to and due from the Company were \$5,490 and \$8,982, respectively. At December 31, 2007, amounts due to and due from the Company were \$1,375 and \$1,069, respectively. For both years, the amounts due to the Company are contained with the “Other receivables” balance and the amounts due from the Company are contained with the “Accounts payable” balance.

Note 4 – Goodwill

As stated in Note 1, during 2006 the owners of the Company purchased an unrelated broker-dealer registered with the NASD. Upon close of the purchase, the ownership interests were transferred to the Company. After the NASD approved the transfer of registration from the purchased broker-dealer to the Company, the purchased broker-dealer was dissolved. The entire purchase price of \$55,000 was allocated to goodwill since the purchased broker-dealer had no tangible assets on the date of the purchase.

Note 5 – Affiliate Transactions

At December 31, 2008 and 2007, the amounts reflected “receivables from affiliates” represent reimbursable expenses due from employees and from parties under common control or ownership.

Note 6 – Lease Commitments

The Company entered into a new lease agreement in 2008 for office space under an operating lease that expires in 2010. The Company is only responsible for its minimum lease payment.

Future minimum rental payments under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2008 are as follows:

2009	37,435
2010	<u>42,004</u>
	<u>79,439</u>

The Company’s rent expense for its office space was \$62,028 and \$45,879 for the years ended December 31, 2008 and 2007, respectively.

Note 7 – Subsequent Events

The Company requested from FINRA approval to change the ownership structure from three to four members. This change reallocated the existing members' equity among the new members with no new units being issued. Pursuant to NASD Rule 1017, FINRA granted this ownership change on October 15, 2008 pending receipt of an executed Membership Agreement ("Agreement"). The Company submitted to FINRA the Agreement on November 5, 2008, which completed the process. The Company made the ownership change effective January 1, 2009. This change did not affect the Company's 2008 financial results.

Note 8 – Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c-1), 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 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1).

At December 31, 2008, the Company had net capital of \$350,300 which was \$339,340 in excess of its required net capital of \$10,960. The Company's ratio of aggregate indebtedness to net capital was .47 to 1.

At December 31, 2007, the Company had net capital of \$672,733 which was \$641,570 in excess of its required net capital of \$31,163. The Company's ratio of aggregate indebtedness to net capital was .69 to 1.

SUPPLEMENTAL INFORMATION

ORCHARD SECURITIES, LLC
COMPUTATION AND RECONCILIATION OF NET CAPITAL
DECEMBER 31, 2008

Total members' equity	\$ 605,825
Less non-allowable assets:	
Receivables from brokers or dealers	\$ (5,490)
Receivables from non-customers	(135,135)
Office equipment, net of accumulated depreciation	(41,290)
Cash in "Central Registration Depository" account	(453)
Other assets	(73,157)
Net Capital	<u>350,300</u>
Net capital per Focus report dated December 31, 2008	<u>350,299</u>
Difference	<u><u>\$ 1</u></u>
Aggregate Indebtedness	
Total liabilities	\$ 164,400
Computation of Basic Net Capital Requirement	
Net capital	\$ 350,300
Minimum net capital required	<u>10,960</u>
Excess Net Capital	<u><u>\$ 339,340</u></u>
Ratio of Aggregate Indebtedness to Net Capital	<u><u>.47 to 1</u></u>
Ratio of Aggregate Indebtedness to Net Capital per the Focus Report	<u><u>.47 to 1</u></u>
Difference	<u><u>-</u></u>

HANSEN, BARNETT & MAXWELL, P.C.

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

5 Triad Center, Suite 750
Salt Lake City, UT 84180-1128
Phone: (801) 532-2200
Fax: (801) 532-7944
www.hbmcpas.com

Registered with the Public Company
Accounting Oversight Board



an independent member of
BAKER TILLY
INTERNATIONAL

A Member of the Forum of Firms

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' SUPPLEMENTAL REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5(g)(1) FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3

Members and Board of Directors
Orchard Securities, LLC
Sandy, Utah

In planning and performing our audits of the financial statements of Orchard Securities, LLC. (the Company), as of and for the years ended December 31, 2008 and 2007 in accordance with auditing standards generally accepted in the United States of America, we considered the Company'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 Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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 Company 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 Company 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 Company 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 Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company 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 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 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 and 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.

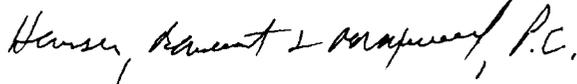
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control 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 a 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 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 on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2008, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, 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 and should not be used by anyone other than these specified parties.


HANSEN, BARNETT & MAXWELL, PC

Salt Lake City, Utah
February 24, 2009

ORCHARD SECURITIES, LLC

**SEC ANNUAL AUDITED REPORT FORM X-17A-5
PART III, FACING PAGE AND OATH OR AFFIRMATION
AND
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
AND
FINANCIAL STATEMENTS**

December 31, 2008 and 2007

HANSEN, BARNETT & MAXWELL, P.C.

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

ORCHARD SECURITIES, LLC

TABLE OF CONTENTS

	<u>Page</u>
Annual Audited Report Form X-17A-5 Part III Facing Page	1
Annual Audited Report Form X-17A-5 Part III Oath or Affirmation	2
Independent Auditors' Report	3
Financial Statements:	
Statements of Financial Condition - December 31, 2008 and 2007	4
Statements of Operations for the Years Ended December 31, 2008 and 2007	5
Statements of Members' Equity for the Years Ended December 31, 2008 and 2007	6
Statements of Cash Flows for the Years Ended December 31, 2008 and 2007	7
Notes to Financial Statements	8
Supplemental Information:	
Computation and Reconciliation of Net Capital - December 31, 2008	13
Independent Certified Public Accountants' Supplemental Report on Internal Accounting Control Required by SEC Rule 17a-5 for a Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3	14