

SEC
MAR 02 2009
Washington, DC
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549



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

**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:
Couch Financial Services, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
5339 Alpha Rd, Suite 400
(No. and Street)

Dallas Texas 75240
(City) (State) (Zip Code)

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

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Phillip V. George, PLLC

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

2300 Honey Locust Drive Irving Texas 75063
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

SECURITIES AND EXCHANGE COMMISSION
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BRANCH OF REGISTRATIONS
AND EXAMINATIONS

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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).

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OATH OR AFFIRMATION

I, Robert C. Couch, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Couch Financial 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:

NONE

[Handwritten Signature]

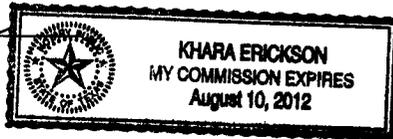
Signature

President

Title

[Handwritten Signature]

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 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.
(o) Independent auditor's report on the internal control as required by SEC rule 17a-5.

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

COUCH FINANCIAL SERVICES, INC.

FINANCIAL REPORT

DECEMBER 31, 2008

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Couch Financial Services, Inc.

We have audited the accompanying statement of financial condition of Couch Financial Services, Inc. as of December 31, 2008, and the related statements of income, changes in stockholder's equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Couch Financial Services, Inc. as of December 31, 2008, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II 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 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit 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.



PHILLIP V. GEORGE, PLLC

Irving, Texas
February 12, 2009

COUCH FINANCIAL SERVICES, INC.
Statement of Financial Condition
December 31, 2008

ASSETS

Cash	\$ 133,598
Concessions receivable	138,736
Other assets	<u>5,618</u>
TOTAL ASSETS	<u><u>\$ 277,952</u></u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities

Commissions payable	\$ 174,795
Accounts payable and accrued expenses	<u>24,055</u>
TOTAL LIABILITIES	<u>198,850</u>

Stockholder's Equity

Common stock, 100,000 shares authorized, \$1 par value, 10,000 shares issued and outstanding	10,000
Additional paid-in capital	550,144
Accumulated deficit	<u>(481,042)</u>
TOTAL STOCKHOLDER'S EQUITY	<u>79,102</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u><u>\$ 277,952</u></u>

COUCH FINANCIAL SERVICES, INC.
Statement of Income
Year Ended December 31, 2008

Revenue

Private placement revenue \$ 1,455,225

Expenses

Compensation and related costs 1,367,376

Occupancy and equipment costs 102,272

Communications 10,735

Regulatory fees and expenses 62,345

Professional fees 23,971

Other expenses 4,875

TOTAL EXPENSES 1,571,574

Net loss before provision for income taxes (116,349)

Income taxes - state 3,029

NET LOSS \$ (119,378)

COUCH FINANCIAL SERVICES, INC.
Statement of Changes in Stockholder's Equity
Year Ended December 31, 2008

	<u>Common Shares</u>	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balances at December 31, 2007	1,000	\$ 10,000	\$422,107	\$ (361,664)	\$ 70,443
Capital contributions by Parent	-	-	128,037	-	128,037
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(119,378)</u>	<u>(119,378)</u>
Balances at December 31, 2008	<u>1,000</u>	<u>\$ 10,000</u>	<u>\$550,144</u>	<u>\$ (481,042)</u>	<u>\$ 79,102</u>

COUCH FINANCIAL SERVICES, INC.
Statement of Cash Flows
Year Ended December 31, 2008

Cash flows from operating activities:	
Net loss	\$ (119,378)
Adjustments to reconcile net loss to net cash used in operating activities:	
Expenses paid by Parent recorded as additional paid-in capital	11,036
Changes in assets and liabilities	
Increase in concessions receivable	(22,358)
Decrease in other assets	2,465
Increase in commissions payable	59,291
Decrease in accounts payable and accrued expenses	<u>(6,566)</u>
Net cash used in operating activities	<u>(75,510)</u>
Cash flows from financing activities:	
Capital contributions by Parent	<u>117,001</u>
Net cash provided by financing activities	<u>117,001</u>
Net increase in cash	41,491
Cash at beginning of year	<u>92,107</u>
Cash at end of year	<u><u>\$ 133,598</u></u>

Supplemental Disclosures of Cash Flow Information:

There was no cash paid during the year for interest or income taxes.

Non-cash financing activities:

Company expenses and other items totaling \$11,036 were paid by the Parent in 2008 and are recorded as additional paid-in capital in the accompanying statement of financial condition.

COUCH FINANCIAL SERVICES, INC.
Notes to Financial Statements

Note 1 - Nature of Business and Summary of Significant Accounting Policies

Nature of Business:

Couch Financial Services, Inc. (the Company), a wholly-owned subsidiary of Oil2 Holdings, Inc. (Parent), was organized in October 2003 as a Texas corporation. The Company is registered as a broker/dealer with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA).

The Company's securities business consists of the sale of interests in oil and gas related private placement offerings of related parties only on a best effort subscription basis. The Company's customers are high net worth individuals located throughout the United States, Canada and Europe.

The Company operates pursuant to section (k)(2)(i) exemptive provisions of Rule 15c3-3 of the Securities Exchange Act of 1934, and accordingly, is exempt from the remaining provisions of that Rule. The Company does not hold customer funds or securities, but will limit its business to the selling of direct participation programs and maintain a special account for the exclusive benefit of its customers. Under these exemptive provisions, the Computation for Determination of Reserve Requirements and Information Relating to the Possession and Control Requirements are not required.

Significant Accounting Policies:

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the 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.

Private Placement Revenue

The Company recognizes revenue on the sale of interests in private placement offerings in the period in which customer subscriptions to such offerings are funded, upon the Company reaching the minimum subscription requirements of such offerings.

COUCH FINANCIAL SERVICES, INC.
Notes to Financial Statements

Note 1 - Nature of Business and Summary of Significant Accounting Policies (continued)

Private Placement Revenue (continued)

The Company recognizes revenue on subscriptions from general partnership offerings when funds are committed by investors. Commissions related to subscriptions receivable past due more than one year from the commitment date are written off based on individual credit evaluation and specific circumstances of the investor.

Note 2 - Net Capital Requirements

The Company is subject to the SEC uniform net capital rule (Rule 15c3-1), which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 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 and net capital requirements of \$44,157 and \$13,257, respectively. The Company's net capital ratio was 4.50 to 1.

Note 3 - Income Taxes

The Company is included in the consolidated federal income tax return of its Parent. Income taxes are recorded using the separate company method to comply with SFAS No. 109. The Company has a current year tax loss; therefore, there is no provision for current federal income taxes. The Company has a federal net operating loss carry forward of approximately \$350,000 available to offset future taxable income, which expires beginning in 2027. The net operating loss carry forward creates a deferred tax asset of approximately \$120,000; however, the entire amount has been offset by valuation allowance; therefore, there is no deferred tax asset recognized in the accompanying statement of financial condition.

Note 4 - Related Party Transactions/ Concentration of Revenue

The Company is under the control of its Parent and the existence of that control creates operating results and financial position significantly different than if the Companies were autonomous.

The Company has concessions receivable from its Parent totaling \$138,736 at December 31, 2008.

COUCH FINANCIAL SERVICES, INC.
Notes to Financial Statements

Note 4 - Related Party Transactions/ Concentration of Revenue (continued)

The Company earned all of its revenue from the sale of interests in private placement offerings where its Parent acted as issuer. Company expenses and other items totaling \$11,036 were paid by the Parent in 2008 and are recorded as additional paid-in capital in the accompanying statement of financial condition.

Note 5 - Commitments and Contingencies

Office Lease

The Company leases office space under a noncancelable operating lease through September 2009. At December 31, 2008, future minimum lease payments due until the lease's expiration were \$88,758.

The terms of the lease require the Company to provide liability insurance and cover certain general operating expenses with provision for escalation. Office rent was \$102,015 for the year ended December 31, 2008 and is reflected in the accompanying statement of income as occupancy and equipment costs.

Contingencies

There are currently no significant asserted claims or legal proceedings against the Company, however, the nature of the Company's business subjects it to various claims, regulatory examinations, and other proceedings in the ordinary course of business. The ultimate outcome of any such action against the Company could have an adverse impact on the financial condition, results of operations, or cash flows of the Company.

Schedule I

COUCH FINANCIAL SERVICES, INC.
Computation of Net Capital and Aggregate Indebtedness
Pursuant to Rule 15c3-1
December 31, 2008

Total member's equity qualified for net capital	<u>\$ 79,102</u>
Deductions and/or charges	
Non-allowable assets:	
Commissions receivable	138,736
Less: commissions payable from receivables	(109,409)
Other assets	<u>5,618</u>
Total non-allowable assets	<u>34,945</u>
Net Capital	<u><u>\$ 44,157</u></u>
Aggregate indebtedness	
Commissions payable	\$ 174,795
Accounts payable and accrued expenses	<u>24,055</u>
Total aggregate indebtedness	<u><u>\$ 198,850</u></u>
Computation of basic net capital requirement	
Minimum net capital required (greater of \$5,000 or 6 2/3% of aggregate indebtedness)	<u><u>\$ 13,257</u></u>
Net capital in excess of minimum requirement	<u><u>\$ 30,900</u></u>
Ratio of aggregate indebtedness to net capital	<u><u>4.50 to 1</u></u>

Schedule II

COUCH FINANCIAL SERVICES, INC.
Reconciliation of the Computation of Net Capital
with that of the Registrant as
Filed in Part IIA of Form X-17a-5
As of December 31, 2008

Net capital as reported by Registrant in Part IIA of Form X-17a-5 as of December 31, 2008 (unaudited)	\$ 23,515
Adjustments made by Registrant prior to filing Amended Form X-17a-5:	
Decrease in concessions receivable	(6,708)
Increase in accounts payable and accrued expenses	(1,119)
Decrease in commissions payable	<u>28,469</u>
Net capital as computed on Schedule I	<u>\$ 44,157</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL REQUIRED BY
SEC RULE 17A-5(G)(1)**

Board of Directors
Couch Financial Services, Inc.

In planning and performing our audit of the financial statements of Couch Financial Services, Inc. (the Company), as of and for the year ended December 31, 2008 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.

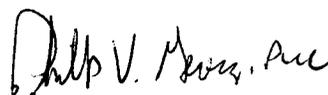
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control 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, Financial Industry Regulatory Authority, 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.



PHILLIP V. GEORGE, PLLC

Irving, Texas
February 12, 2009