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

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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, 2009 (MM/DD/YY) AND ENDING December 31, 2009 (MM/DD/YY)

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Texas Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

4024 Nazarene Drive, Ste. B
(No. and Street)

Carrollton	TX	75010
(City)	(State)	(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Shawn M. Grisham 972/492-0058
(Area Code – Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Hartman Leito & Bolt, LLP
(Name – *if individual, state last, first, middle name*)

6050 Southwest Blvd., Ste 300	Fort Worth	TX	76109
(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)*

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Shawn M. Grisham, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Texas Securities, Inc, as of December 31, 20 09, 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:

JENNIFER CARLTON
MY COMMISSION EXPIRES
April 9, 2011

Signature

President
Title

Jennifer Carlton
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).*

HLB

Hartman Leito & Bolt, LLP
Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Texas Securities, Inc.:

We have audited the accompanying statement of financial condition of Texas Securities, Inc. (a Texas Corporation) (the "Company") as of December 31, 2009 and the related statements of operations, changes in stockholders' 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 the Company as of December 31, 2009, 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 the supplemental schedules listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplemental information required by Rule 17a-5 under the Securities and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in our 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.

Hartman Leito & Bolt, LLP

February 17, 2010
Fort Worth, Texas

TEXAS SECURITIES, INC.

Financial Statements and Supplemental Material

For the Year Ended December 31, 2009

(With Independent Auditors' Report)

TEXAS SECURITIES, INC.

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TEXAS SECURITIES, INC.
Statement of Financial Condition
December 31, 2009

ASSETS:		
Current assets:		
Cash	$	63,970
Accounts receivable, net		9,460
Prepaid expenses		8,462
Other current assets		101,901
Total current assets		183,793
Equipment:		
Office equipment		48,726
Furniture and fixtures		131,907
		180,633
Less accumulated depreciation		(156,696)
Net equipment		23,937
Total assets	$	207,730
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	$	9,584
Accrued liabilities		41,631
Total current liabilities		51,215
Commitments and contingencies		-
Stockholders' equity:		
Common Stock, .01 par value; 100,000 shares authorized, 100,000 shares issued and outstanding		1,000
Additional paid-in capital		1,695,230
Accumulated deficit		(1,539,715)
Total stockholders' equity		156,515
Total liabilities and stockholders' equity	$	207,730

See accompanying notes and independent auditors' report.

TEXAS SECURITIES, INC.
Statement of Operations
For the Year Ended December 31, 2009

REVENUES:	
Commission income	$ 3,986,562
Sales agency fee	295,000
Other income	365
Total revenues	4,281,927
EXPENSES:	
Selling, general and administrative expenses	4,659,062
Net loss before state income tax expense	(377,135)
State income tax expense	33,413
Net loss	$ (410,548)

See accompanying notes and independent auditors' report.

TEXAS SECURITIES, INC.
Statement of Changes in Stockholders' Equity
For the Year Ended December 31, 2009

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total
Balances at January 1, 2009	$ 1,000	$ 1,378,230	$ (1,129,167)	$ 250,063
Contributed capital	-	317,000	-	317,000
Net loss	-	-	(410,548)	(410,548)
Balances at December 31, 2009	$ 1,000	$ 1,695,230	$ (1,539,715)	$ 156,515

See accompanying notes and independent auditors' report.

TEXAS SECURITIES, INC.
Statement of Cash Flows
For the Year Ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$	(410,548)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation		11,989
Changes in operating assets and liabilities:		
Decrease in trade accounts receivable		68,090
Decrease in prepaid expenses		5,207
Decrease in other assets		4,919
Increase in accounts payable		2,029
Decrease in accrued liabilities		(125,555)
Net cash used in operating activities		(443,869)
CASH FLOWS FROM INVESTING ACTIVITIES		-
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributed capital		317,000
Net decrease in cash		(126,869)
Cash at beginning of year		190,839
Cash at end of year	$	63,970

See accompanying notes and independent auditors' report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Organization and Nature of Business

On February 13, 2002, Texas Securities, Inc., (the "Company") became a Texas Corporation. The Company is registered with the Securities and Exchange Commission (SEC) and various state regulatory jurisdictions as a broker-dealer and is a member of The Financial Industry Regulatory Authority ("FINRA"). The Company is also a member of the Securities Investor Protection Corporation (SIPC), which insures customers' deposits up to $500,000 including $100,000 in cash.

The Company is in the business of selling interests in joint ventures organized for drilling of oil and gas wells in the United States. Crown Exploration, Ltd. ("Crown") and Crown Exploration II, Ltd. ("Crown II") serve as the managing venturer of their respective joint ventures. The stockholder of the Company exercises majority control over Crown's and Crown II's affairs.

During 2009, the Company also sold royalty interest under one offering from Crown Opportunity Partners, LLC ("Opportunity Partners"), a wholly owned subsidiary of Crown.

The Company cannot take possession of customer funds. Accordingly, the Company operates under the exemptive provisions of SEC Rule 15c3-3(k)(2)(i).

(b) Accounts Receivable

Accounts receivable is recorded net of an allowance for expected losses. The allowance is estimated from historical performance and projections of trends. No allowance was recorded at December 31, 2009.

(c) Equipment

Depreciation is provided by the straight-line method over the estimated useful lives of the assets, generally five years. The Company capitalizes all assets with a cost greater than $500 and estimated useful life greater than one year.

(d) Income Taxes

The Company is organized as an S corporation. Therefore, no provision has been made for income taxes since these taxes are the responsibility of the individual stockholders. The Company is subject to income tax under the Texas State Margin Tax. Currently, the Company is not under examination for income tax purposes by any taxing jurisdiction. Open tax years subject to examination are as follows:

State of Texas	2005 to present
United States	2006 to present

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Statement of Cash Flows

The Company has defined as cash equivalents highly liquid investments, with original maturities of less than ninety days that are not held for sale in the ordinary course of business.

(f) Management's Estimates and Assumptions

The preparation of the financial statements 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 statements and the reported amounts of revenues and expenses during the reporting period. The actual results could differ from these estimates.

(g) Concentrations of Credit Risk

The Company sells interests in joint ventures and royalties, which results in accounts receivable arising from commissions earned. The Company does business with many individual investors and thus believes that its receivable credit risk exposure is limited.

(h) Impairment of Long-Lived Assets

The Company periodically reviews the carrying value of its long-lived assets, including equipment, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized to the extent fair value of a long-lived asset is less than the carrying amount. Fair value is determined based upon the estimated future cash inflows attributable to the asset less estimated future cash outflows. No such losses were recognized during the year.

(i) Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued a standard that established the FASB Accounting Standards Codification (the "ASC"), which effectively amended the hierarchy of U.S. generally accepted accounting principles ("GAAP") and established only two levels of GAAP, authoritative and nonauthoritative. All previously existing accounting standard documents were superseded, and the ASC became the single source of authoritative, nongovernmental GAAP. All other non-grandfathered, non-SEC accounting literature not included in the ASC became nonauthoritative. The ASC was intended to provide access to the authoritative guidance related to a particular topic in one place. New guidance issued subsequent to June 30, 2009 will be communicated by the FASB through Accounting Standards Updates. The ASC was effective for financial statements for annual reporting periods ending

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Recent Accounting Pronouncements (Continued)

after September 15, 2009. The Company has adopted and applied the provisions of the ASC for its financial statements, and has eliminated references to pre-ASC accounting standards throughout its financial statements. The Company's adoption of the ASC did not have a material impact on the Company's financial statements.

In September 2006, the Financial Accounting Standards Board ("FASB") issued authoritative guidance on topic Fair Value Measurements and Disclosures of the FASB Accounting Standards Codification. This guidance defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This guidance is effective for financial statements issued for fiscal years beginning after November 15, 2008 for both financial and nonfinancial assets and liabilities. The implementation of this guidance did not have any impact on the Company's financial statements.

In May 2009, the FASB issued authoritative guidance on topic Subsequent Events which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. Specifically, this guidance provides (i) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. This guidance is effective for periods ending after June 15, 2009. The adoption of this guidance did not have a material effect on the Company's financial statements. See footnote entitled "Subsequent Events," for certain required disclosures related to this guidance.

In August 2009, the FASB issued new guidance on topic Fair Value Measurements and Disclosures of the FASB Accounting Standards Codification. This guidance provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of certain prescribed techniques. This amendment also clarifies that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. It also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. This new guidance is effective for the first reporting period beginning after issuance. The implementation of this guidance did not have any impact on the company's financial statements.

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Recent Accounting Pronouncements (Continued)

In September 2009, the FASB issued new guidance on topic Income Taxes of the FASB Accounting Standards Codification providing implementation guidance on accounting for uncertainty in income taxes with respect to entity-level taxes, pass-through entities or tax-exempt not-for-profit entities, and groups of related entities comprised of both taxable and nontaxable entities. Additionally, the new guidance eliminates the disclosures requiring a tabular reconciliation of unrecognized tax benefits and the total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate. The amendments are effective as of September 15, 2009.

2. RELATED PARTY TRANSACTIONS

Pursuant to a certain sales agency agreement with Crown and Crown II, the Company shall receive up to 15% of all funds raised from individual investors as defined by the management agreement. For the year ended December 31, 2009, the Company received commission income of $3,953,906 related to this agreement. In addition, the Company received $295,000 during 2009 for sales agency fees from Crown II in consideration of the Company acting as Crown II's exclusive broker-dealer.

The Company owes a Crown II sponsored joint venture $29,766 at December 31, 2009 for an overpayment of placement agent fees during 2009, which is included in accrued liabilities as of December 31, 2009.

Pursuant to certain soliciting dealer agreements with Opportunity Partners, the Company shall receive 8% of funds raised as defined by the agreement.

For the year ended December 31, 2009, the Company received commission income of $32,656 related to this agreement.

The Company also paid Crown II $26,500 for accounting and administrative assistance fees and another related party $99,530 for office space.

3. RETIREMENT

The Company has a retirement plan which qualifies under Section 401(k) of the Internal Revenue Code. Subject to certain limitations, employees who are at least 18 years old and have completed one hour of service are eligible to participate in the plan and may contribute a maximum of 50% of compensation and a minimum of 3% of compensation. The Company may make annual discretionary contributions to the plan. The Company did not contribute to the plan during 2009.

(Continued)

4. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum regulatory net capital and requires that the ratio of aggregate indebtedness to regulatory net capital, both as defined, shall not exceed 15 to 1. At December 31, 2009, the Company had regulatory net capital, as defined under SEC Rule 15c3-1, of $12,702, which was $7,702 in excess of its required regulatory net capital of $5,000. The Company's ratio of aggregate indebtedness to regulatory net capital was 403%.

5. LEASE OBLIGATIONS

The Company leases office space from a related party (see Note 2). Rental expense for office space totaled $99,530 for the year. The lease requires monthly payments of $7,430 through July 2011. Future minimum payments under this non-cancelable lease are:

2010	$ 89,160
2011	52,010
	$ 141,170

6. SUBSEQUENT EVENT

The Company evaluated events occurring between the end of our most recent fiscal year and February 17, 2010, the date the financial statements were issued.

SUPPLEMENTAL MATERIAL

TEXAS SECURITIES, INC.
Information Relating to the Possession
Or Control Requirements Under SEC Rule 15c3-3
Of the Securities and Exchange Commission
For the Year Ended December 31, 2009

COMPUTATION OF NET CAPITAL:

Total Stockholders' equity	$ 156,515
Less: Non-allowable assets	143,760
Less: Haircuts on securities	53
Net capital	12,702
Net capital requirement	5,000
Excess net capital	$ 7,702

There are no material differences between the computation of net capital contained herein and the correspoinding computation prepared by Texas Securities Inc. and included in the Company's unaudited Part IIA Report Filing as of December 31, 2009.

TEXAS SECURITIES, INC.
Statement of Changes in Liabilities Subordinated to Claims of Creditors
For the Year Ended December 31, 2009

Claims at January 1, 2009	$	-
Additions		-
Reductions		-
Claims at December 31, 2009	$	-

TEXAS SECURITIES, INC.
Information Relating to the Possession
Or Control Requirements Under SEC Rule 15c3-3
Of the Securities and Exchange Commission
For the Year Ended December 31, 2009

The Company claims exemption from the requirements of SEC Rule 15c3-3, under Section k(2)(i) of the Rule.

A computation for determination of reserve requirements pursuant to Rule 15c3-3 required by Rule 17a-5(d)(3) and information relating to possession or control of securities as required by Rule 15c3-3 and Rule 17a-5(d)(3) of the SEC were both omitted as the Company, can not take possession of customer funds.

The Company was in compliance with the conditions of the exemptive provisions of SEC Rule 15c3-3 at December 31, 2009.

Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5(g)(1) for a Broker-Dealer Claiming an Exemption From SEC Rule 15c3-3 For the Year Ended December 31, 2009

Board of Directors
Texas Securities, Inc.:

In planning and performing our audit of the financial statements and supplemental schedules of Texas Securities, Inc. (the "Company"), as of and for the year ended December 31, 2009 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 Company'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 Company's financial statements that is more than inconsequential will not be prevented or detected by the Company'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 Company'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 were adequate at December 31, 2009, 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.

Hartman Leito & Bolt, LLP

February 17, 2010
Fort Worth, Texas