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SECURITIES COMMISSION

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

SEC FILE NUMBER
8-67961

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 01/01/09 AND ENDING 12/31/09
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: FELLS POINT RESEARCH, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
1340-C SMITH AVENUE
BALTIMORE MD 21209
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D.NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
DAVID PRINGLE (410) 464-3111
(Area Code) (Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
PETERSON SULLIVAN LLP Washington, DC
(Name - if individual, state last, first, middle name) Section
601 UNION ST, STE 2300 SEATTLE WA 98101
(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

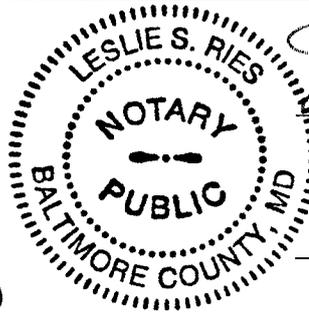
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17 a-5(e)(2)

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.

SEC 1410 (06.02)

OATH OR AFFIRMATION

I, DAVID PRINGLE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FELLS POINT RESEARCH, LLC as of DECEMBER 31, 2009, 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:



[Handwritten Signature]

Signature

February 25, 2010

CEO & PRINCIPAL
Title

[Handwritten Signature: Leslie S. Ries]

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. (CASH FLOWS)
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors. (NOT APPLICABLE)
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3. (NOT APPLICABLE)
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3. (NOT APPLICABLE)
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 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. (NOT APPLICABLE)
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report. (See separately bound report.)
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit. (NOT APPLICABLE)

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

X (O) INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5 FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3.

* RESERVE REQUIREMENT IS NOT APPLICABLE



CERTIFIED PUBLIC ACCOUNTANTS
601 UNION STREET, SUITE 2300
SEATTLE, WASHINGTON 98101

INDEPENDENT AUDITORS' REPORT

To the Member
Fells Point Research, LLC
Baltimore, Maryland

We have audited the accompanying statement of financial condition of Fells Point Research, LLC as of December 31, 2009, and the related statements of income (loss), changes in member's equity, and cash flows for the year 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 financial statements referred to above present fairly, in all material respects, the financial position of Fells Point Research, LLC 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included 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 of the Securities and Exchange Commission. 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.

Peterson Sullivan LLP
February 23, 2010

FELLS POINT RESEARCH, LLC

STATEMENT OF FINANCIAL CONDITION

December 31, 2009

ASSETS

Cash	\$	48,875
Accounts receivable		142
Prepaid expense		2,029
Deposits		1,093
		<hr/>
	\$	52,139
		<hr/> <hr/>

LIABILITIES AND MEMBER'S EQUITY

Liabilities		
Accounts payable	\$	370
Member's equity		51,769
		<hr/>
	\$	52,139
		<hr/> <hr/>

See Notes to Financial Statements

FELLS POINT RESEARCH, LLC
STATEMENT OF INCOME (LOSS)
For the Year Ended December 31, 2009

Revenues	
Research/consulting fee income	\$ 106,621
Expenses	
Guarantee payments	111,422
Professional fees	5,395
Office rent	4,624
Travel	3,671
Telecommunication	3,099
License and registration fees	1,887
Entertainment	1,016
Office Supplies	563
Insurance	514
Repair and maintenance	473
Dues and subscriptions	127
	<hr/>
	132,791
	<hr/>
Net loss	\$ (26,170)

See Notes to Financial Statements

FELLS POINT RESEARCH, LLC

STATEMENT OF CHANGES IN MEMBER'S EQUITY

For the Year Ended December 31, 2009

Balance, December 31, 2008	\$ 77,939
Net loss	<u>(26,170)</u>
Balance, December 31, 2009	<u><u>\$ 51,769</u></u>

See Notes to Financial Statements

FELLS POINT RESEARCH, LLC

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2009

Cash Flows from Operating Activities	
Net loss	\$ (26,170)
Adjustments to reconcile net loss to net cash flows from operating activities	
Change in operating assets and liabilities	
Accounts receivable	(142)
Prepaid expenses	(1,600)
Deposits	(913)
Accounts payable	45
	<hr/>
Net cash flows from operating activities and decrease in cash	(28,780)
Cash, beginning of year	<hr/> 77,655
Cash, end of year	<hr/> <hr/> \$ 48,875

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization

Fells Point Research, LLC ("the Company") became a securities broker and dealer as approved by the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority, Inc. ("FINRA") on February 24, 2009.

The Company is a limited liability company (or "LLC"), and as an LLC, any liability to the owner is generally limited to amounts invested into it. The Company only has one Member who is involved in all of the Company's operations. The Company is scheduled to dissolve on June 20, 2037, unless terminated by the Member-owner at an earlier date.

The Company's current services include providing financial research services to institutional investors. During 2009, the Company earned research fee income from four financial institutions.

The Company uses certain furniture and equipment provided by its Member-owner (without charge). Any charges that could be allocated to the Company are not material.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Actual results could differ from the estimates that were used.

Cash

Cash includes cash in bank checking accounts. The Company occasionally has deposits in excess of federally insured limits.

Revenue Recognition

Revenue is generally recognized when services are provided and invoiced to the Company's customers. Payments for services are generally negotiated or may be determined by the Company's customers.

Income Taxes

The Company has a single member and is a disregarded entity for tax purposes. Items of income, loss, deduction, and credit are passed through to its Member-owner.

Subsequent Events

The Company has evaluated additional subsequent events through the date these financial statements were available to be issued, which was on February 23, 2010.

Note 2. Guaranteed Payments

The Company pays guaranteed payments to its Member. The amount and frequency of the payments are determined at the Member's discretion. During 2009, guaranteed payments totaling \$111,422 were made to the Member. In January 2010, the Company made a guaranteed payment of \$23,000 to the Member.

Note 3. Leases

The Company leases its office space under an operating lease that expires on July 31, 2010. The total minimum lease payment required under non-cancelable operating leases for the year ending December 31, 2010, is \$4,550.

Note 4. Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1). Accordingly, the Company is required to maintain a minimum level of net capital (as defined) of 6 2/3% of total aggregate indebtedness or \$5,000, whichever is greater. At December 31, 2009, the required minimum net capital was \$5,000. The Company had computed net capital of \$48,505 at December 31, 2009, which was in excess of the required net capital level by \$43,505. In addition, the Company is not allowed to have a ratio of aggregate indebtedness to net capital (as defined for a broker or dealer who commenced its business within the last 12 months) in excess of 8 to 1. At December 31, 2009, the Company's ratio of aggregate indebtedness to net capital was 0.008 to 1.

S U P P L E M E N T A R Y I N F O R M A T I O N

FELLS POINT RESEARCH, LLC

SCHEDULE I
COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1
December 31, 2009

COMPUTATION OF NET CAPITAL

Member's equity	\$	51,769
Deductions		
Accounts receivable		(142)
Prepaid expense		(2,029)
Deposits		(1,093)
		<hr/>
Net capital, as computed		48,505
Minimum net capital		5,000
		<hr/>
Net capital excess	\$	<u>43,505</u>

COMPUTATION OF AGGREGATE INDEBTEDNESS

Accounts payable and aggregate indebtedness	\$	<u>370</u>
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COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required (6 2/3% of total aggregate indebtedness or \$5,000, whichever is greater)	\$	<u>5,000</u>
Percentage of aggregate indebtedness to net capital		0.8%
Ratio of aggregate indebtedness to net capital		0.008 to 1

Fells Point Research, LLC is exempt from the computation of reserve requirements pursuant to Rule 15c3-3 under paragraph K(2)(i).

FELLS POINT RESEARCH, LLC

SCHEDULE II

**RECONCILIATION BETWEEN THE COMPUTATION OF NET CAPITAL PER
THE BROKER'S UNAUDITED FOCUS REPORT, PART IIA, AND THE
AUDITED COMPUTATION OF NET CAPITAL**

December 31, 2009

Net capital per the broker's unaudited Focus Report, Part IIA
and per audited financial statements

\$ 48,505



CERTIFIED PUBLIC ACCOUNTANTS

601 UNION STREET, SUITE 2300

SEATTLE, WASHINGTON 98101

**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**

To the Member
Fells Point Research, LLC
Baltimore, Maryland

In planning and performing our audit of the financial statements of Fells Point Research, LLC ("the Company"), as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States, 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 safeguard 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, 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 preparation of financial statements in accordance with accounting principles generally accepted in the United States. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or 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 deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

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, 2009, to meet the SEC's objectives.

This report is intended solely for the use of management, the SEC, the 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 specific parties.

Robert S. Sullivan LLP
February 23, 2010

SECURITY INFORMATION
SECTION
FBI 2-5-010
Washington, DC
110

FELLS POINT RESEARCH, LLC

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2009



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