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

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

SEC FILE NUMBER
8-36997

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 1/1/2009 AND ENDING 12/31/09
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: MID-ATLANTIC SECURITIES INC OFFICIAL USE ONLY

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

4001 BARNETT DRIVE ; STE 100
(No. and Street)
RALEIGH, N.C. 27609
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
JAMES GLOVER 919-783-7787
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report* FEB 2 8 09 AM '10

BATCHLOR, TILLEY + ROBERTS, LLP Washington, DC
(Name - if individual, state last, first, middle name) 110
3605 GLENWOOD AVE, RALEIGH, NC 27612
(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)

BB 3/9

OATH OR AFFIRMATION

I, JAMES B. GLOVER JR., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MIO-ATLANTIC SECURITIES, INC., 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:

JBG Signature
Treasurer Title

Tony Britt
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).

MID-ATLANTIC SECURITIES, INC.

**Consolidated Financial Statements
and Supplemental Information**

December 31, 2009 and 2008

(With Independent Auditors' Report Thereon)

MID-ATLANTIC SECURITIES, INC.

Table of Contents

	<u>Page(s)</u>
Independent Auditors' Report	1
Financial Statements:	
Consolidated Balance Sheets	2
Consolidated Statements of Income and Comprehensive Income	3
Consolidated Statements of Stockholders' Equity	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6-11
Supplemental Information:	
Computation of Net Capital and Aggregate Indebtedness Under Rule 15c3-1 of the Securities and Exchange Commission	12-13
Computation for Determination of Reserve Requirements Under Rule 15c3-3 of the Securities and Exchange Commission	14
Computation and Reconciliation of Net Capital Under Rule 15c3-3 of the Securities and Exchange Commission	15
Independent Auditors' Report on Internal Control Required by Securities and Exchange Commission Rule 17a-5	16-17
Independent Accountants' Report on Applying Agreed-Upon Procedures Related to an Entity's SIPC Assessment Reconciliation	18-19

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Independent Auditors' Report

The Board of Directors
Mid-Atlantic Securities, Inc.:

We have audited the accompanying consolidated balance sheets of Mid-Atlantic Securities, Inc. and subsidiary (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for the years then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These consolidated 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 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental information contained on pages 12 through 15 is presented for purposes of additional analysis and is not a required part of the consolidated 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 audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Batchelor, Tillery & Roberts, LLP

February 25, 2010

MID-ATLANTIC SECURITIES, INC.

Consolidated Balance Sheets

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 743,887	840,369
Marketable securities available-for-sale	6,586	7,543
Receivable from clearing corporation	38,410	45,432
Other receivables	105,380	88,562
Prepaid expenses	2,882	2,737
Total current assets	<u>897,145</u>	<u>984,643</u>
Furniture and equipment, net	<u>20,177</u>	<u>12,073</u>
	<u>\$ 917,322</u>	<u>996,716</u>
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Accounts payable to non-customers	4,000	4,000
Accrued commissions and other payables	<u>486,041</u>	<u>563,051</u>
Total current liabilities	<u>490,041</u>	<u>567,051</u>
Deferred tax liability	<u>-</u>	<u>2,500</u>
Total liabilities	<u>490,041</u>	<u>569,551</u>
Stockholders' equity:		
Class A common stock, \$0.10 par value; 1,000 shares authorized; issued and outstanding, 650 shares	65	65
Class B common stock, \$0.10 par value; authorized 1,000 shares; no shares issued	-	-
Additional paid-in capital	89,545	89,545
Accumulated other comprehensive loss	(13,514)	(12,557)
Retained earnings	<u>351,185</u>	<u>350,112</u>
Total stockholders' equity	<u>427,281</u>	<u>427,165</u>
	<u>\$ 917,322</u>	<u>996,716</u>

See accompanying notes to consolidated financial statements.

MID-ATLANTIC SECURITIES, INC.

Consolidated Statements of Income and Comprehensive Income

Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Commissions-trading and fees	\$ <u>3,646,720</u>	<u>3,849,690</u>
Expenses:		
Commissions	2,564,075	2,570,798
Salaries and benefits	609,512	731,623
Clearing charges	259,938	306,935
Professional fees	44,981	45,092
Rent	34,190	34,190
Payroll taxes	31,139	31,563
Office supplies	18,919	20,455
Taxes and licenses	9,609	11,083
Travel and entertainment	6,786	10,412
Telephone	3,684	8,341
Email service	5,947	4,698
Depreciation	4,218	3,156
Subscriptions	2,247	2,972
Miscellaneous	8,446	16,181
	<u>3,603,691</u>	<u>3,797,499</u>
Income from operations	<u>43,029</u>	<u>52,191</u>
Other income:		
Interest income	537	9,398
Miscellaneous	607	419
	<u>1,144</u>	<u>9,817</u>
Income before provision for income taxes	44,173	62,008
Provision for income taxes	<u>(8,100)</u>	<u>(12,000)</u>
Net income	36,073	50,008
Other comprehensive loss - net unrealized loss on marketable securities	<u>(957)</u>	<u>(8,264)</u>
Comprehensive income	\$ <u><u>35,116</u></u>	<u><u>41,744</u></u>

See accompanying notes to consolidated financial statements.

MID-ATLANTIC SECURITIES, INC.

Consolidated Statements of Stockholders' Equity

Years ended December 31, 2009 and 2008

	Common stock	Additional paid- in capital	Accumulated other comprehensive loss	Retained earnings	Total stockholders' equity
Balance as of December 31, 2007	\$ 65	89,545	(4,293)	380,104	465,421
Dividends paid	-	-	-	(80,000)	(80,000)
Comprehensive income	-	-	(8,264)	50,008	41,744
Balance as of December 31, 2008	65	89,545	(12,557)	350,112	427,165
Dividends paid	-	-	-	(35,000)	(35,000)
Comprehensive income	-	-	(957)	36,073	35,116
Balance as of December 31, 2009	\$ <u>65</u>	<u>89,545</u>	<u>(13,514)</u>	<u>351,185</u>	<u>427,281</u>

See accompanying notes to consolidated financial statements.

MID-ATLANTIC SECURITIES, INC.

Consolidated Statements of Cash Flows

Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Net income	\$ 36,073	50,008
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	4,218	3,156
Changes in operating assets and liabilities:		
Receivable from clearing corporation	-	2,481
Other receivables	(9,796)	85,700
Prepaid expenses	(145)	1,430
Accrued commissions and other liabilities	<u>(79,510)</u>	<u>(165,009)</u>
Net cash used in operating activities	<u>(49,160)</u>	<u>(22,234)</u>
 Cash flows used in investing activities - purchases of furniture and equipment	 <u>(12,322)</u>	 <u>(5,620)</u>
 Cash flows used in financing activities - dividends paid	 <u>(35,000)</u>	 <u>(80,000)</u>
 Net decrease in cash and cash equivalents	 (96,482)	 (107,854)
 Cash and cash equivalents, beginning of year	 <u>840,369</u>	 <u>948,223</u>
 Cash and cash equivalents, end of year	 \$ <u>743,887</u>	 <u>840,369</u>
 Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ <u>-</u>	<u>52,637</u>

See accompanying notes to consolidated financial statements.

MID-ATLANTIC SECURITIES, INC.

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(1) Organization

Mid-Atlantic Securities, Inc. (the "Company") was incorporated in North Carolina on October 6, 1986 and commenced operations in January 1987. The Company is a broker-dealer in securities registered with the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority, Inc. (FINRA). The Company is also a registered investment advisor. The Company's equity securities are cleared through a clearing broker-dealer. The clearing broker-dealer, on behalf of the Company and for a fee, conducts and confirms security trades, handles security movements and maintains the customer's security accounts. The Company does not maintain customers' security accounts nor does it perform custodial functions related to customer securities. The Company receives commissions associated with the sale and purchase of securities. In addition to the foregoing, a portion of the Company's revenues is derived from the sale of insurance products.

The Company's wholly-owned subsidiary, MA Securities, Inc., earns revenues from selling insurance products of New York-based companies. As of December 31, 2009 and 2008, MA Securities, Inc. had no assets or stockholder's equity.

(2) Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying financial statements include the accounts of Mid-Atlantic Securities, Inc. and its wholly-owned subsidiary, MA Securities, Inc., after elimination of all significant intercompany accounts and transactions.

Revenue Recognition

Commissions earned on trades of securities are recognized as income when the underlying transactions are completed. Other commissions and fees are recorded when earned.

Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Marketable Securities

All marketable securities are classified as available-for-sale. As such, they are stated at market value and any unrealized holding gains and losses are reported as other comprehensive income (loss). Realized gains and losses are calculated by using the specific cost method.

MID-ATLANTIC SECURITIES, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2009 and 2008

(2) Summary of Significant Accounting Policies, Continued

Receivable from Clearing Corporation

The Company clears certain of its proprietary and customer transactions through a broker-dealer on a fully disclosed basis. Commissions owed the Company from the clearing broker have been recorded as receivable from clearing corporation.

Other Receivables

The Company has accrued commissions (accounts receivable) related to various December transactions, which have been received in the subsequent year.

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which are generally three to ten years.

Expenditures for repairs and maintenance are charged to expense as incurred. The costs of major renewals and betterments are capitalized. The cost and related accumulated depreciation of furniture and equipment are removed from the accounts upon retirement or other disposition and any resulting gain or loss is reflected in operations for the period.

Advertising

Advertising and related costs are expensed as incurred.

Fair Value Measurements

FASB Accounting Standards Codification (ASC) 820-10 provides a single definition of fair value, together with a framework for measuring it, and requires additional disclosures about the use of fair value to measure assets and liabilities. The effective date of implementation was delayed for one year for all nonrecurring fair value measurements of nonfinancial assets and liabilities. As a result, the Company's adoption of FASB ASC 820-10, effective January 1, 2009, is currently limited to financial assets and liabilities measured at fair value and other nonfinancial assets and liabilities measured at fair value on a recurring basis.

FASB ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standard establishes a fair value hierarchy which encourages an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of

MID-ATLANTIC SECURITIES, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2009 and 2008

(2) Summary of Significant Accounting Policies, Continued

Fair Value Measurements, Continued

observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority.

The effect of partially adopting this standard did not result in changes to the valuation techniques the Company had previously used to measure the fair value of its financial assets and liabilities. Therefore, the primary impact to the Company upon partial adoption of the standard was expanded fair value measurement disclosures.

Level 1 Fair Value Measurements

The fair values of equity securities are based on quoted market prices and are, therefore, classified as Level 1.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to depreciable assets (use of different depreciation methods and lives for financial statement and income tax purposes) and unrealized losses on marketable securities. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Use of Estimates

The preparation of consolidated 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. Actual results could differ from those estimates.

(3) Marketable Securities

As of December 31, 2009 and 2008, the cost basis of marketable equity securities was \$20,100, which exceeded the market value by \$13,514 and \$12,557 as of December 31, 2009 and 2008, respectively. The unrealized loss of \$957 and \$8,264 for 2009 and 2008, respectively, has been reported in other comprehensive loss.

MID-ATLANTIC SECURITIES, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2009 and 2008

(4) Furniture and Equipment

Furniture and equipment consist of the following:

	<u>2009</u>	<u>2008</u>
Computer equipment	\$ 21,127	19,760
Furniture and other equipment	<u>42,669</u>	<u>31,714</u>
	63,796	51,474
Less accumulated depreciation	<u>(43,619)</u>	<u>(39,401)</u>
	<u>\$ 20,177</u>	<u>12,073</u>

(5) Net Capital Requirements

The Company is subject to the requirements of Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), 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. As of December 31, 2009 and 2008, the Company's net capital was \$372,674 and \$368,070, respectively (\$322,674 in excess of its required net capital of \$50,000 in 2009 and \$318,070 in excess of its required net capital of \$50,000 in 2008). The Company's ratio of aggregate indebtedness to net capital was 1.31 to 1 and 1.54 to 1 as of December 31, 2009 and 2008, respectively.

The Company qualifies under the exemption provisions of Rule 15c3-3, paragraph (k)(2)(ii), as the Company does not carry security accounts for customers or perform custodial functions relating to customers' securities. Under the exemption, the Company is not required to maintain a reserve account for the benefit of customers.

(6) Related Party Transactions

Other receivables include \$3,170 as of December 31, 2009 and 2008 due from two officers. Accrued commissions and other payables include \$306,187 and \$324,464, respectively, as of December 31, 2009 and 2008, for commissions due to brokers who also hold an ownership interest in the Company.

See note 9 concerning the office space lease with a company related by common ownership.

MID-ATLANTIC SECURITIES, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2009 and 2008

(7) Commitments and Contingencies

The Company has a clearing agreement with one brokerage firm whereby it must produce a minimum of \$300,000 per year of gross commissions or pay a monthly fee of \$5,000 less monthly clearing charges retained by the brokerage firm. The minimum level of commissions was met in both 2009 and 2008.

The Company is required by the clearing firm to maintain clearing deposits under the current clearing contract totaling \$25,000 as of December 31, 2009.

(8) Income Taxes

The provision for income taxes consists of the following:

	<u>2009</u>	<u>2008</u>
Federal	\$ 6,400	9,600
State	<u>1,700</u>	<u>2,400</u>
	<u>\$ 8,100</u>	<u>12,000</u>

The provision for income taxes differs from the amount computed by applying the U.S. Federal income tax rate of 34% to income before provision for income taxes due to state income taxes, net of the federal benefit, and multiple tax brackets.

Deferred tax liabilities arise from timing differences of different depreciation methods for property and equipment. Deferred tax assets arise from unrealized losses on marketable securities.

(9) Leases

The Company began leasing office space from a company affiliated by common ownership during 2005, for which there is no formal rental arrangement. During 2009 and 2008, the Company paid rent each year totaling \$40,190 to this company.

Total rental expense for 2009 and 2008 was \$34,190, which is net of subleases which provided rental income of \$6,000 in 2009 and 2008.

(10) Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents consist of cash and money market funds maintained with two brokerage firms (\$506,111) and two banks (\$237,776). The amounts held at banks are within the federally insured limit of \$250,000. Accounts receivable are described in note 2. The Company believes there is minimal credit risk relative to its cash investments and accounts receivable.

MID-ATLANTIC SECURITIES, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2009 and 2008

(11) Benefit Plan

The Company has adopted a SIMPLE IRA Plan whereby employees who are expected to earn at least \$5,000 in compensation for the calendar year are eligible to participate. Eligible employees may contribute a percentage of their compensation up to \$10,500 per year. The Company matches each eligible employee's contribution, up to a limit of 3% of the employee's compensation. The Company's matching contribution for 2009 and 2008 was \$16,194 and \$19,573, respectively.

(12) Subsequent Events

The date to which events occurring after December 31, 2009, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is February 25, 2010, the date the financial statements were available to be issued.

MID-ATLANTIC SECURITIES, INC.

Supplemental Schedules of Computation of Net Capital and Aggregate Indebtedness
Under Rule 15c3-1 of the Securities and Exchange Commission

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Net Capital</u>		
Total stockholders' equity	\$ 427,281	427,165
Add:		
Other allowable credits - deferred income taxes payable	<u> -</u>	<u>2,500</u>
Total capital and other allowable credits	<u>427,281</u>	<u>429,665</u>
Deduct non-allowable assets:		
Receivable from non-customers	32,932	32,136
Furniture and equipment, net	<u>20,177</u>	<u>12,073</u>
	<u>53,109</u>	<u>44,209</u>
Net capital before haircuts on securities positions	<u>374,172</u>	<u>385,456</u>
Haircuts on securities:		
Investment securities - exempted	510	16,255
Investment securities - other	<u>988</u>	<u>1,131</u>
	<u>1,498</u>	<u>17,386</u>
	/	
Net capital	\$ <u>372,674</u>	<u>368,070</u>
<u>Aggregate Indebtedness</u>		
Items included in statement of financial condition:		
Accounts payable to non-customers	4,000	4,000
Accrued commissions and other payables	<u>486,041</u>	<u>563,051</u>
Total aggregate indebtedness	\$ <u>490,041</u>	<u>567,051</u>

(Continued)

MID-ATLANTIC SECURITIES, INC.

Supplemental Schedules of Computation of Net Capital and Aggregate Indebtedness
Under Rule 15c3-1 of the Securities and Exchange Commission, Continued

December 31, 2009 and 2008

Computation of Basic Net Capital Requirement

Minimum net capital required (6-2/3% of aggregate indebtedness)(A)	\$ <u>32,670</u>	<u>37,800</u>
Minimum dollar net capital requirement of reporting broker (B)	\$ <u>50,000</u>	<u>50,000</u>
Net capital requirement-greater of (A) or (B)	\$ <u>50,000</u>	<u>50,000</u>
Excess net capital	\$ <u>322,674</u>	<u>318,070</u>
Excess net capital at 1000% (Net capital less 10% of aggregate indebtedness)	\$ <u>323,670</u>	<u>311,365</u>
Ratio of aggregate indebtedness to net capital	<u>1.31 to 1</u>	<u>1.54 to 1</u>

Reconciliation with Company's Computation

Net capital, as reported in Company's FOCUS report (unaudited)	\$ 358,437	337,209
Audit adjustments primarily related to accrued revenue	<u>14,237</u>	<u>30,861</u>
Net capital per above	\$ <u>372,674</u>	<u>368,070</u>

MID-ATLANTIC SECURITIES, INC.

Supplemental Schedule of Computation for Determination of Reserve Requirements
Under Rule 15c3-3 of the Securities and Exchange Commission

December 31, 2009 and 2008

The Company claims exemption from Rule 15c3-3 under paragraph (k)(2)(ii). All customer transactions are cleared through another broker-dealer on a fully disclosed basis.

MID-ATLANTIC SECURITIES, INC.

Supplemental Schedule of Computation and Reconciliation of Net Capital
Under Rule 15c3-3 of the Securities and Exchange Commission

December 31, 2009 and 2008

The Company claims exemption from Rule 15c3-3 in that the Company's activities are limited to those set forth in the conditions for exemption appearing in (k)(2)(ii) of the Rule.

BATCHELOR, TILLERY & ROBERTS, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Auditors' Report on Internal Control
Required by Securities and Exchange Commission Rule 17a-5**

The Board of Directors
Mid-Atlantic Securities, Inc.:

In planning and performing our audit of the consolidated financial statements of Mid-Atlantic Securities, Inc. and subsidiary (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 consolidated 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 (the "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 accounting principles generally accepted in the United States of America. 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 deficiency in internal control 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 and correct 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 entity'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. However, we identified the following deficiencies in internal control that we consider to be material weaknesses, as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures performed in our audit of the consolidated financial statements of Mid-Atlantic Securities, Inc. and subsidiary as of and for the year ended December 31, 2009, and this report does not affect our report thereon dated February 25, 2010.

The size of the business and resultant limited number of employees imposes practical limitations on the effectiveness of those control policies and procedures that depend on the segregation of duties such as processing of cash receipts, cash disbursements, and payroll. Because this condition is inherent in the size of the Company, the specific weaknesses are not described herein and no corrective action has been taken or proposed by the Company.

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 as of 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, the Financial Industry Regulatory Authority, Inc. and any 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.

Batchelor, Jilley & Roberts, LLP

February 25, 2010

BATCHELOR, TILLERY & ROBERTS, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Accountants' Report on Applying Agreed-Upon
Procedures Related to an Entity's SIPC Assessment Reconciliation**

The Board of Directors
Mid-Atlantic Securities, Inc.:

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [Transitional Assessment Reconciliation (Form SIPC-7T)] to the Securities Investor Protection Corporation (SIPC) for the period from April 1, 2009 to December 31, 2009, which were agreed to by Mid-Atlantic Securities, Inc. (the "Company"), the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7T). The Company's management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

- 1) Compared the listed assessment payments in Form SIPC-7T with respective cash disbursement records entries [Cash Disbursements Journals for January 2009 and July 2009] noting no differences;
- 2) Compared the Total Revenue amounts of the audited Form X-17A-5 for the year ended December 31, 2009 less revenues reported on the FOCUS reports for the period from January 1, 2009 to March 31, 2009, with the amounts reported in Form SIPC-7T for the period from April 1, 2009 to December 31, 2009 noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7T with supporting schedules and working papers [SIPC Report 2009, Commissions by Type and Trial Balance as of March 31, 2009] noting no differences; and
- 4) Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules and working papers [SIPC Report 2009 and Commissions by Type] supporting the adjustments noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The Board of Directors
Page 2

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Batchelor, Jillery & Roberts, LLP

February 25, 2010