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

**A. REGISTRANT IDENTIFICATION!**

NAME OF BROKER-DEALER: Professional Trading Services Brokerage, LLC

OFFICIAL USE ONLY

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

FIRM I.D. NO.

125C Gaither Drive East Gate Business Center

(No. and Street)

Mt. Laurel

New Jersey

08054

(City)

(State)

(Zip Code)

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

Richard W. Schank

856-802-9400

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION!**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Romeo & Chiaverelli, LLC CPA's

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

1601 Walnut Street, Suite 815

Philadelphia

PA

19102

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

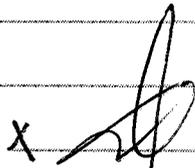
**FOR OFFICIAL USE ONLY!**

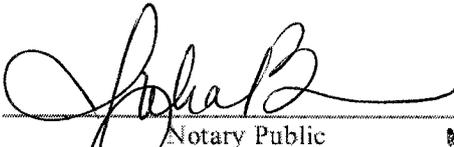
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION!

I, Richard W. Schank, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Professional Trading Services Brokerage, LLC a/k/a PTS Brokerage, LLC, 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:

None

 Signature  
 Title

  
Notary Public

**JULIA BRINES**  
Notary Public of New Jersey  
My Commission Expires May 25, 2010

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.
- N/A (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- N/A (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- N/A (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.
- N/A (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 (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) A report on Internal Accounting Control

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

**FINANCIAL STATEMENTS  
SUPPLEMENTARY INFORMATION  
INDEPENDENT AUDITORS' REPORT AND  
OTHER MATTERS**

**PTS BROKERAGE, LLC**

**DECEMBER 31, 2009**

**PTS BROKERAGE, LLC**

**DECEMBER 31, 2009**

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# ROMEO & CHIAVERELLI LLC

Certified Public Accountants

Joseph A. Romeo, CPA  
Medford, NJ  
(609) 268-9781

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Philadelphia, PA 19102  
(215) 569-2113  
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Anthony Chiaverelli, CPA  
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## Independent Auditors' Report

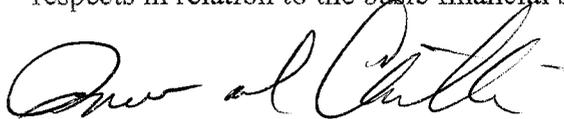
### **The Member PTS Brokerage, LLC**

We have audited the accompanying statement of financial condition of **PTS Brokerage, LLC** (a Limited Liability Company) as of December 31, 2009 and the related statements of income and Members' 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 misstatements. 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 **PTS Brokerage, LLC** as of December 31, 2009 and the results of its operations and its cash flow 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 supplementary information 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 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.



ROMEO & CHIAVERELLI LLC  
February 19, 2010

**PTS BROKERAGE, LLC**  
**STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2009**

**ASSETS**

**CURRENT ASSETS**

Cash	\$354,943
Receivables	177,015
Prepaid expenses	<u>13,476</u>
Total current assets	545,434

**PROPERTY AND EQUIPMENT**

Computer equipment	2,862
Furniture	<u>495</u>
	3,357
Less accumulated depreciation	<u>(3,357)</u>
Total property and equipment	<u>0</u>

**Total Assets** \$545,434

**LIABILITIES AND MEMBER EQUITY**

**LIABILITIES**

Commissions payable	\$103,494
Accrued expenses	<u>7,902</u>
Total current liabilities	111,396

**MEMBER EQUITY** 434,038

**Total Liabilities and Member Equity** \$545,434

The accompanying notes are an integral part of these  
financial statements

**PTS BROKERAGE, LLC**  
**STATEMENT OF INCOME AND MEMBER EQUITY**

**YEAR ENDED DECEMBER 31, 2009**

REVENUE	
Commissions	\$592,171
Investment advisory fees	<u>471,080</u>
Total revenue	1,063,251
OPERATING EXPENSES	
Employee compensation and benefits	714,893
Occupancy	2,601
Regulatory fee	15,947
Insurance licenses	1,913
Other expenses	<u>21,722</u>
Total operating expenses	<u>757,076</u>
Net income from operations	306,175
NET INCOME	
	306,175
Member equity, beginning of year	383,863
Less: Distribution of member capital	<u>(256,000)</u>
Member equity, end of year	<u>\$434,038</u>

The accompanying notes are an integral part of these  
financial statements

**PTS BROKERAGE, LLC  
STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2009**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income	\$306,175
Adjustments to reconcile net income to net cash Used by operating activities:	
Change in:	
Accounts receivable	(61,078)
Prepaid Expenses	1,655
Commissions payable	11,868
Accrued expenses	<u>3,402</u>
Net cash used by operating activities and decrease in cash	(44,153)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Distribution of member capital	<u>(256,000)</u>
Net cash used by financing activities	(256,000)
Cash, beginning of year	<u>348,921</u>
Cash, end of year	<u><u>354,943</u></u>

The accompanying notes are an integral part of these  
financial statements

**PTS BROKERAGE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2009**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies applied by management in the preparation of the financial statements.

Organization

PTS Brokerage, LLC (Company) was organized under the Laws of the State of New Jersey in 2001 and was registered as a broker-dealer in August 2002 under the Securities Exchange Act of 1934, as amended. The Company sells mutual funds, life insurance products including variable annuities, provides investment advisory services and provides financial planning services to public customers. The Company is registered in twenty five (25) states to conduct securities transactions and maintains five branch offices.

Estimates

The preparation of 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Property and equipment

Property and equipment are carried at cost. Depreciation is provide primarily by the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment	3 year
Furniture	5 year

Revenue recognition

Revenue is recognized from the sale of mutual funds as earned. Revenue from the placement of life insurance products is recognized upon notification of policy acceptance and renewal. Revenue from investment advisory services is recognized as received. Revenue from financial planning services is recognized as billed.

**PTS BROKERAGE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2009**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Income taxes*

The Company, a limited liability company, has elected to be taxed for federal and state purposes as a proprietorship. As a result, the Company is not a taxpaying entity for federal or state income tax purposes and, accordingly, no income tax expense or tax benefit has been recorded in these financial statements. Income or losses from the Company are reflected on the Member income tax returns.

**NOTE B – NET CAPITAL REQUIREMENT**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (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 a ratio of 15 to 1. At December 31, 2009, the ratio was 0.45 to 1. The Company complied with the exemptive provisions of Rule 15c3-3 under subparagraph (k)(1). All customer transactions are limited to the sale and redemption of redeemable securities of registered investment companies, the sale of life insurance products including variable annuities, providing investment advisory services and providing financial planning services. At December 31, 2009, the Company had net capital, as defined, of \$246,698, which was \$241,698 in excess of its required minimum net capital of \$5,000.

**NOTE C – EXPENSE AGREEMENT**

The Company enters into an annual expense agreement with Professional Training Services, a company under common control. Under the agreement, the Company shares space with Professional Training Services and utilizes their telephone services in return for the payment of a percentage of Professional Training Services' monthly lease expense and their monthly telephone costs. For the year 2009, the Company paid 10% of the rent expense and 10% of the monthly telephone costs. The total rent expense for 2009 was \$2,601.00 and the total telephone expense was \$2,254.99.

***SUPPLEMENTARY INFORMATION***

**PTS BROKERAGE, LLC**  
**COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**

**DECEMBER 31, 2009**

Total member equity from Statement of financial condition	\$ 434,038
Deduct non-allowable assets:	
Receivable	173,864
Prepaid expenses	<u>13,476</u>
	<u>187,340</u>
Net capital	<u>\$246,698</u>
Minimum net capital required per 15c3-1 (a)(2)	<u>\$ 5,000</u>
Aggregate indebtedness from statement of financial condition, net of A-1c liabilities	<u>\$111,396</u>
Ration of aggregate indebtedness to net capital	<u>45 %</u>
Debt-equity ratio computed in accordance with 15c3-1(d)	<u>0</u>

**PTS BROKERAGE, LLC**  
**RECONCILIATION OF THE COMPUTATION OF NET CAPITAL**  
**UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**

**DECEMBER 31, 2009**

Net capital, as reported in Company's Part II (unaudited) FOCUS Report	\$ 243,547
Audit Adjustments	
Increase in allowable receivables	<u>3,151</u>
Net capital according to the audit	<u>\$ 246,698</u>

***OTHER MATTERS***

# ROMEO & CHIAVERELLI LLC

Certified Public Accountants

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Anthony Chiaverelli, CPA  
Horsham, PA  
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## Report on Internal Accounting Control Required by SEC Rule 17a-5

### **The Member** **PTS Brokerage, LLC**

In planning and performing our audit of the financial statements of PTS Brokerage, LLC (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 the 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 the 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 purpose 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 information and use of the Member, 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 specified parties.

A handwritten signature in cursive script, appearing to read "Romeo & Chiaverelli", with a horizontal line extending from the end of the signature.

ROMEIO & CHIAVERELLI LLC  
Certified Public Accountants  
February 19, 2010

# ROMEO & CHIAVERELLI LLC

Certified Public Accountants

Joseph A. Romeo, CPA  
Medford, NJ  
(609) 268-9781

1601 Walnut Street, Suite 815  
Philadelphia, PA 19102  
(215) 569-2113  
FAX (215) 972-0787

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

### **The Member PTS Brokerage, LLC**

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 to the Securities Investor Protection Corporation (SIPC) for the nine months ended December 31, 2009, which were agreed to by PTS Brokerage, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC solely to assist you and the other specified parties in evaluating PTS Brokerage, LLC's compliance with the applicable instructions of the Transitional Assessment Report (Form SIPC-7T). PTS Brokerage, LLC's management is responsible for PTS Brokerage, LLC'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 noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the nine months ended December 31, 2009, as applicable, with the amounts reported in Form SIPC-7T for the nine months ended December 31, 2009, noting no differences;
3. Compared any adjustments reported in Form SIPC-7T with supporting schedules and working papers 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 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.

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.

A handwritten signature in cursive script, appearing to read "Romeo & Chiaverelli".

ROMEO & CHIAVERELLI LLC  
Certified Public Accountants  
February 19, 2010

**PTS BROKERAGE, LLC.**  
**SCHEDULE OF ASSESSMENT AND PAYMENTS TO THE**  
**SECURITIES INVESTOR PROTECTION CORPORATION**  
**NINE MONTHS ENDED DECEMBER 31, 2009**

Period Covered	Date Paid	Amount
General assessment reconciliation for the period April 1, 2009 to December 31, 2009		\$ 964.00
<u>Payment schedule:</u>		
SIPC-4 assessment	01/6/2009	150.00
SIPC-6	12/5/2009	112.00
SIPC-7T	02/09/2010	702.00
Balance due		\$ 0.00

**ROMEO & CHIAVERELLI, LLC**  
Certified Public Accountants  
1601 WALNUT STREET • SUITE 815  
PHILADELPHIA, PENNSYLVANIA 19102