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

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

FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING JANUARY 1, 2009 AND ENDING DECEMBER 31, 2009
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: AEB Corporation

OFFICIAL USE ONLY

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

FIRM ID. NO.
28591

518 SOUTH MAIN STREET

(No. and Street)

GREAT BARRINGTON
(CITY)

MA
(state)

01230
(zip Code)

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

ROBERT TEPPER

1-413-528-8180
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Karll, Harvey CPA, P.C.

(NAME- IF INDIVIDUAL STATE LAST, FIRST, MIDDLE NAME)

41 Middle Street
(Address)

Newburyport
(City)

MA
(State)

01950-2755
(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, Robert Tepper swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of AEB Corporation, 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:

[Signature]

Notary Public

[Signature]

Signature
Pres.

Title



- This report** contains (check all applicable boxes):
- X (a) Facing page.
 - X (b) Statement of Financial Condition.
 - X (c) Statement of Income (Loss).
 - X (d) Statement of Changes in Financial Condition.
 - X (e) Statement of Changes in Stockholders' Equity, or Partners' or Sole Proprietor's Capital.
 - (f) Statement of Changes in Liabilities Subordinated to Claims, of Creditors.
 - X (g) Computation of Net Capital
 - (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
 - X (I) Information Relating to the Possession or control Requirements under Rule 15c3-3.
 - X (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.
 - X (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation
 - X (l) An Oath or Affirmation
 - (m) A copy of the SIPC Supplemental Report.
 - X (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 240.17d-5 (e)(3).



Harvey E. Karll CPA, P.C.

41 Middle Street
Newburyport, Massachusetts 01950
(978) 465-9512 Fax (978) 462-9043

Report on Internal Control Required By SEC Rule 17a-5 for a Broker-Dealer claiming an exemption From SEC Rule 15c3-3

Board of Directors
AEB Corporation
Great Barrington, MA

In planning and performing my audit of the financial statements of AEB Corporation for the year ended December 31, 2009, I considered its internal control, including control activities for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), I have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that I considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debts) 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, I 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 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 any internal control or the practices and procedures referred to above, errors 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.

My 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. I did not identify any deficiencies in internal control and control activities for safeguarding securities that I consider to be material weaknesses, as defined above.

I 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 my study, I 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, (Designated self-regulatory organization), 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.

Harvey E. Karll CPA, P.C.

Harvey E Karll CPA, P.C.

Newburyport, MA

January 25, 2010

AEB Corporation

Audited Financial Statements

For The Year Ended December 31, 2009

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Harvey E. Karll CPA, P.C.

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INDEPENDENT AUDITORS REPORT

Board of Directors
AEB Corporation
Great Barrington, MA

I have audited the accompanying statement of financial condition of AEB Corporation, as of December 31, 2009, and the related statements of income, 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards, generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

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

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II AND III are presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Harvey E. Karll CPA, P.C.

Harvey E. Karll CPA, P.C.
January 25, 2010

AEB Corporation
Statement of Financial Condition
December 31, 2009

Assets

Cash and cash equivalents	\$ 258,172
Receivable from broker	8,907
Securities owned, at market	93,102
Furniture and equipment, at cost, less accumulated depreciation of \$5,050	<u>3,102</u>
	<u>\$ 363,283</u> =====

Liabilities and Stockholders' Equity

Liabilities:	
State Income Tax Payable	\$ 3,065
Accrued Expenses	<u>18,405</u>
	21,470
Stockholders' Equity:	
Common stock, \$1 par value, authorized, issued and outstanding 1,000 shares	1,000
Additional paid-in capital	249,000
Retained earnings	<u>91,813</u>
	<u>341,813</u>
	<u>\$ 363,283</u> =====

See Accountant's Report & Accompanying Notes

AEB Corporation
Statement of Income
For The Year Ended December 31, 2009

Revenues

Commissions income	\$ 90,422
Principal transactions	155,995
Interest and dividends	2,106
Consulting fees	80,339
Realized gains (losses)	67,077
Unrealized gains (losses)	<u>(86,450)</u>

309,489

Expenses:

Employee compensation and benefits	344,164
Management fee	120,000
Floor brokerage, exchange and clearing fees	17,523
Communications and data processing	58,142
Occupancy	13,356
Regulatory fees and expenses	20,544
Other expenses	<u>14,197</u>

587,926

Net Income (Loss) before income taxes (278,437)

Provision for income taxes 900

Net Income (Loss) (\$ 279,337)
=====

See Accountant's Report & Accompanying Notes

AEB Corporation
Statement of Changes in Stockholders' Equity
December 31, 2009

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-in</u>	<u>Earnings</u>	
			<u>Capital</u>		
Balance - beginning of year	1,000	\$ 1,000	\$ 249,000	\$371,150	\$ 621,150
Net Income (Loss)	_____	_____	_____	(279,337)	(279,337)
Balance - end of year	<u>1,000</u>	<u>\$ 1,000</u>	<u>\$ 249,000</u>	<u>\$ 91,813</u>	<u>\$ 341,813</u>

See Accountant's Report and Accompanying Notes

AEB Corporation
Statement of Cash Flows
Twelve Months Ended December 31, 2009

Year To Date

Cash Provided from Operations		
Net Income (Loss)	(\$ 279,336)	
Adjustments		
Add:		
Depreciation	1,342	
Rec-Principal Trading	8,367	
Less:		
Commissions Receivable	(23,907)	
State Income Tax Payable	(850)	
Accrued Expenses Payable	(8,224)	
	(302,608)	
Cash from Operations		
		(302,608)
Cash Flows - Invested		
Furniture & Equipment	(1,452)	
Equities-Market-Pershing	86,500	
	85,048	
Investing Cash Flows		
		85,048
Cash Flows - Financing		
		0
Financing Cash Flows		
		0
Cash Increase (Decrease)		
		(217,560)
Cash - Beginning of Year		
Cash - Lee Bank	59,973	
Money Market-Pershing	289,711	
	349,684	
Total Beginning of Year		
		349,684
Cash on Statement Date		
		\$ 132,124

See Accountant's Report & Accompanying Notes

AEB Corporation
Notes to Financial Statements
For the Year Ended December 31, 2009

1. NATURE OF BUSINESS

AEB Corporation is incorporated in the Commonwealth of Massachusetts to engage in the general securities business, to deal in stocks, bonds and all other securities of every nature and description. The Company is a member of the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA). The Company's main office is located in Great Barrington, Massachusetts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The fixed assets of the Company are recorded at cost. Depreciation is recorded on the straight-line basis over the estimated useful life of the related assets. Routine repairs and maintenance are expensed as incurred. The estimated useful lives of the Company's assets are as follows:

Computers and related equipment	5 years
Furniture & fixtures	7 years
Office equipment	7 years

Depreciation expense for the year ended December 31, 2009 is \$1,342.

Income Taxes

Based on the company's recent history of operating losses, it appears that the company will not realize the benefit of deferred tax assets arising from the current year's net operating loss. The tax deferred asset arising from the current net operating loss is approximately \$39,000. A valuation allowance is considered necessary for the full amount of the current year deferred tax asset.

Use of Estimates

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

See Accountant's Report and Accompanying Notes

AEB Corporation
Notes to Financial Statements
For the Year Ended December 31, 2009

Basis of Accounting

The Company uses the accrual method of accounting for financial accounting and the cash method for tax accounting purposes.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2009 the company had approximately \$0 in excess of FDIC insured limits. The company has not experienced any losses in such accounts.

Revenue and Cost Recognition

The company recognizes commission income and related expenses on a settlement date basis, the industry standard. Generally accepted accounting principles require trade date presentation. Income and related expenses as a result of a settlement date to trade date conversion are immaterial to the financial statement.

Securities Transactions

Proprietary securities transactions in regular-way trades are recorded on the settlement date, as if they had settled. Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a trade date basis.

Marketable securities are valued at market value, and securities not readily marketable are valued at fair value determined by management.

2. CASH FLOWS

Cash Paid for Interest and Income Taxes is as follows:

Interest	\$ 201
Income Taxes	\$1,750

See Accountant's Report and Accompanying Notes

AEB Corporation
Notes to Financial Statements
For the Year Ended December 31, 2009

3. CASH AND CASH EQUIVALENTS

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

4. NET CAPITAL

As a broker/dealer, the company is subject to the Securities and Exchange Commission's regulations and operating guidelines, which require the Company to maintain a specified amount of net capital, as defined, and a ratio of aggregate indebtedness to net capital, as derived, not exceeding 15 to 1. The Company's net capital computed under 15c3-1 was \$319,862 at December 31, 2009, which exceed required net capital of \$100,000 by \$219,862. The ratio of aggregate indebtedness to net capital at December 31, 2009 was 6.7%.

5. FAIR VALUE OF FINANCIAL STATEMENTS

The Company's financial statements are cash and cash equivalents. The recorded values of cash and cash equivalents approximate their fair values based on their short-term nature.

6. COMPENSATED ABSENCES

Employees of the Company are entitled to paid vacation and paid sick days depending on length of service. It is not practical for the Company to estimate the amount of compensation for future absences; accordingly, no liability for compensated absences has been recorded in the accompanying financial statements. The Company policy is to recognize the costs of compensated absences when actually paid to employees.

7. RELATED PARTY TRANSACTIONS

During 1999, the company entered into a management fee agreement with Pavonia International Corporation (A West Indies Corporation), a related party, for management direction and advice with respect to financial, administrative and marketing matters. For the year ended December 31, 2009, the fee was \$120,000.

The company rents its current office space on a month-to-month basis from an individual who is related to the company's chief executive officer. The monthly rent is \$875 as of December 31, 2009. \$10,500 was paid as rent for 2009.

See Accountant's Report & Accompanying Notes

AEB Corporation
Notes to Financial Statements
For the Year Ended December 31, 2009

8. SECURITIES OWNED

Marketable securities owned by the Company consist of corporate equity securities at market value as follows:

Corporate equities	\$ 93,102
	=====

9. OPERATING LOSS CARRYFORWARD

For federal income tax purposes, operating losses may be carried forward 20 years from the year the net loss was incurred. The state of Massachusetts allows a 5 year carry forward period. The company's total federal net operating losses available to offset taxable income of future years is approximately \$1,071,194 and will expire in various years beginning in year 2023 through 2029. The state of Massachusetts operating loss of approximately \$644,182 may be carried forward 5 years and will expire in various years beginning in 2011 through 2014.

10. LEASES

The Company rents its Great Barrington, Massachusetts office space on a month-to-month basis at \$875 per month. For the year ended December 31, 2009 rent expense was \$10,500.

11. OFF-BALANCE-SHEET RISK AND CONCENTRATION OF CREDIT RISK

Pursuant to a clearance agreement, the Company introduces all of its securities transactions to its clearing broker (Pershing, LLC) on a fully disclosed basis. Therefore, all of the customers' money balances and long and short security positions are carried on the books of the clearing broker. Under certain conditions as defined in the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company. In accordance with the industry practice and regulatory requirements, the Company and the clearing broker monitor collateral on the securities transactions introduced by the Company. In addition, the receivable from clearing broker and the deposit with clearing broker are pursuant to this agreement.

See Accountant's Report & Accompanying Notes

SUPPLEMENTARY INFORMATION

AEB Corporation
Schedule I
Computation of Net Capital
December 31, 2009

Total Stockholders' Equity		\$ 341,813
Nonallowable Assets		
Depreciable assets net of depreciation		<u>3,102</u>
		338,711
Haircuts		
Undue concentration	2,296	
Money market	2,588	
Equities	<u>13,965</u>	<u>18,849</u>
Net Capital		319,862
Less: Capital Requirement		<u>100,000</u>
Excess Capital		\$ 219,862
Aggregate Indebtedness		\$ 21,470
Ratio of Aggregate Indebtedness to Net Capital		6.7%

There were no material differences in the computation of the audited capital and the unaudited net capital reported on the Focus Report, Part IIA at December 31, 2009.

See Accountant's Report and Accompanying Notes

AEB Corporation
Schedule II
Reconciliation of Audited vs Unaudited Net Capital
December 31, 2009

Unaudited Net Capital	\$ 320,762
Year End Accruals	<u>900</u>
Audited Net Capital	\$ 319,862 =====

See Accountant's Report and Accompanying Notes

