



UNITED STATES
ANDEXCHANGE COMMISSION
shington, D.C. 20549

BB 5/6
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ANNUAL AUDITED REPORT
FORM X-17A-5 (A)
PART III

SEC Mail Processing
Section
APR 27 2010
SEC FILE NUMBER
8-17609

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

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: Kuykendall & Schneider, Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
3405 22nd St. Suite 202
(No. and Street)
Lubbock, Texas 79410-1305
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Kelly Pratas (806) 793-2525
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Lewis, Kaufman & Co., P.C.
(Name - if individual, state last, first, middle name)
2308 W. 5th St. Plainview Texas 79072
(Address) (City) (State) (Zip Code)

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

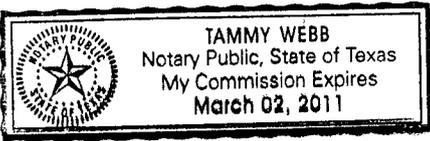
FOR OFFICIAL USE ONLY

*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 5/6

OATH OR AFFIRMATION

I, Kelly Pratas, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kuykendall & Schneider, Inc. 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:



Kelly Pratas
Signature
President
Title

Tammy Webb
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).

Lewis, Kaufman & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

2308 West 5th Street
Plainview, Texas 79072

SHAREHOLDERS:

Martin C. Lewis, CPA
Randy J. Kaufman, CPA
Thad Reid, CPA

ASSOCIATES:

Gay Chrisman
Andrea DeLeon
Brenda Diego
Lorena Flores
Brenda Garza
Lori Gattis, CPA
Freeda Henderson
Jack Hysinger
Cassie McLain
Florinda Mendoza - Champion
Sunny Parker, CPA
Lea Stukey, CPA

Kuykendall & Schneider, Inc.
Board of Directors
3405 – 22nd St. Suite 202
Lubbock, Texas 79410

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES RELATED TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION

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 Year Ended December 31, 2009, which were agreed to by Kuykendall & Schneider, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC solely to assist you and the other specified parties in evaluating Kuykendall & Schneider, Inc.'s compliance with the applicable instruction of the Transitional Assessment Reconciliation (Form SIPC-7T). Kuykendall & Schneider, Inc.'s management is responsible for the Kuykendall & Schneider, Inc.'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 payment in Form SIPC-7T with respective cash disbursement records entries in client bank statement noting no differences.
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2009, as applicable, with the amounts reported in Form SIPC-7T for the year ended December 31, 2009 noting no differences.
3. Compared any adjustments reported in Form SIPC-7T with supporting schedules and working papers provided by Kuykendall & Schneider, Inc. noting no differences.
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules supporting the adjustments noting no differences.

Kuykendall & Schneider, Inc.

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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, is not intended to be, and should not be used by anyone other than these specified parties.

Lewis, Kaufman & Co., P.C.

Lewis, Kaufman & Co., P.C.

Plainview, Texas

April 22, 2010

SIPC-7T

(29-REV 12/09)

SECURITIES INVESTOR PROTECTION CORPORATION
805 15th St. N.W. Suite 800, Washington, D.C. 20005-2215
202-371-8300

Transitional Assessment Reconciliation

(Read carefully the instructions in your Working Copy before completing this Form)

SIPC-7T

(29-REV 12/09)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

017609 FINRA DEC
KUYKENDALL & SCHNEIDER INC 15*15
3405 22ND ST STE 202
LUBBOCK TX 79410-1348

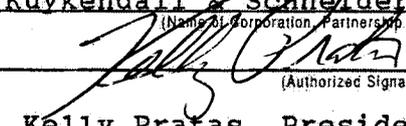
Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form,

2. A. General Assessment [item 2e from page 2 (not less than \$150 minimum)]	\$ <u>150.00</u>
B. Less payment made with SIPC-6 filed including \$150 paid with 2009 SIPC-4 (exclude interest)	(<u>150.00</u>)
<u>January 22, 2009</u> Date Paid	
C. Less prior overpayment applied	(<u>.00</u>)
D. Assessment balance due or (overpayment)	<u>.00</u>
E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum	<u>.00</u>
F. Total assessment balance and interest due (or overpayment carried forward)	\$ <u>.00</u>
G. PAID WITH THIS FORM: Check enclosed, payable to SIPC Total (must be same as F above)	\$ <u>.00</u>
H. Overpayment carried forward	\$(<u> </u>)

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Kuykendall & Schneider, Inc.
(Name of Corporation, Partnership or other organization)

(Authorized Signature)
Kelly Pratas, President.
(Title)

Dated the 8 day of February, 2010.

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER Dates: Postmarked Received Reviewed
Calculations Documentation Forward Copy
Exceptions:
Disposition of exceptions:

**DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT**

Amounts for the fiscal period
beginning April 1, 2009
and ending Dec 31, 2009
Eliminate cents

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

\$ 473,432.00

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products. ? Focus code 3970
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):

458,580.00

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$.00

(ii) 40% of interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$.00

Enter the greater of line (i) or (ii)

.00

Total deductions

458,580.00

2d. SIPC Net Operating Revenues

\$ 14,852.00

2e. General Assessment @ .0025

\$ 37.13

(to page 1 but not less than \$150 minimum)

DB 5805 \$150.00

KUYKENDALL & SCHNEIDER, INC.
3405 22ND STREET, SUITE 202
LUBBOCK, TX 79410
PH. 806-793-2525

FIRST BANK & TRUST CO.
MIDCITY
LUBBOCK, TEXAS
88-1934/1113

9036

PAY

****One Hundred Fifty & 00/100 Dollars*****

DATE

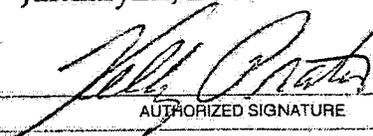
January 22, 2009

AMOUNT

****150.00****

TO THE
ORDER

Securities Investor Protection Corporation



AUTHORIZED SIGNATURE

MP 1