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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- 53073

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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Burt Martin Arnold Securities, Inc.

OFFICIAL USE ONLY FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) 608 Silver Spur Road, Suite 100

Rolling Hills Estates California 90274 (City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT Burt M. Arnold, President (310) 544-3545 (Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Stark Winter Schenkein & Co., LLP

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

3600 S Yosemite Street, Suite 600 Denver Colorado 80237 (Address) (City) (State) (Zip Code)

CHECK ONE:

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

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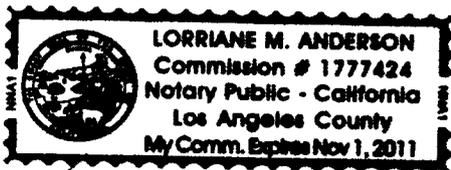
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

AS 3/3

OATH OR AFFIRMATION

I, Burt M. Arnold, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Burt Martin Arnold 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



[Handwritten Signature]  
Signature

\_\_\_\_\_  
President

\_\_\_\_\_  
Title

[Handwritten Signature]  
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).

**BURT MARTIN ARNOLD SECURITIES,  
INC.**

**REPORT PURSUANT TO RULE 17a-5**

**FINANCIAL STATEMENTS  
AND  
REPORT OF INDEPENDENT AUDITORS**

**AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2009**

**Burt Martin Arnold Securities, Inc.**  
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STAR K • W I N T E R • S C H E N K E I N

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Burt Martin Arnold Securities, Inc.

We have audited the accompanying statement of financial condition of Burt Martin Arnold Securities, Inc., as of December 31, 2009, and the related statements of income, stockholder's 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I 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 the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Stark Winter Schenkein & Co., LLP*

Denver, Colorado  
February 15, 2009

**Burt Martin Arnold Securities, Inc.**  
**Statement of Financial Condition**  
**December 31, 2009**

**ASSETS**

Cash	\$ 611,671
Securities owned:	
Marketable, at market value	410,275
Receivable from clearing organization	606,835
Prepaid expenses and other assets	51,353
Receivables from non-customers	35,712
Due from shareholder	117,206
Property and equipment, net	<u>74,840</u>
	<u>\$ 1,907,892</u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**LIABILITIES**

Accounts payable and accrued expenses	\$ 767,415
Securities sold, not yet purchased	251,749
Subordinated loan	100,000
Due to clearing organization	<u>272,365</u>
	<u>1,391,529</u>

**STOCKHOLDER'S EQUITY**

Common stock, \$0.01 par value, 100,000 shares authorized, issued and outstanding	1,000
Additional paid-in capital	181,300
Retained earnings	<u>334,063</u>
	<u>516,363</u>
	<u>\$ 1,907,892</u>

The accompanying notes are an integral part of these financial statements.

**Burt Martin Arnold Securities, Inc.**  
**Statement of Income**  
**For The Year Ended December 31, 2009**

**REVENUES**

Commissions and floor brokerage	\$ 2,698,981
Other trading income	5,069,155
Management fee and advisory income	229,717
Unrealized (loss) on marketable securities	(46,656)
Interest	19,944
Total revenues	<u>7,971,141</u>

**EXPENSES**

Employee compensation	6,028,223
Clearing fees and costs	981,214
Office expenses	633,701
Professional fees	110,649
Travel and entertainment	58,071
Total expenses	<u>7,811,858</u>

<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>	159,283
Provision for income taxes	<u>(137,303)</u>
<b>NET INCOME</b>	<u><u>\$ 21,980</u></u>

The accompanying notes are an integral part of these financial statements.

**Burt Martin Arnold Securities, Inc.**  
**Statement of Stockholder's Equity**  
**For the Year Ended December 31, 2009**

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
	<u>Number of Shares</u>	<u>Amount</u>			
Balance, December 31, 2008	100,000	\$ 1,000	\$ 181,300	\$ 312,083	\$ 494,383
Net income	-	-	-	21,980	21,980
Balance, December 31, 2009	<u>100,000</u>	<u>\$ 1,000</u>	<u>\$ 181,300</u>	<u>\$ 334,063</u>	<u>\$ 516,363</u>

The accompanying notes are an integral part of these financial statements.

**Burt Martin Arnold Securities, Inc.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2009**

<b>OPERATING ACTIVITIES</b>	
Net income	\$ 21,980
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	17,212
Unrealized loss on investment securities	46,656
Securities sold, not yet purchased	251,521
Changes in:	
Receivable from clearing organization	(123,164)
Marketable securities	(420,567)
Prepaid expenses	(17,913)
Receivables from non-customers	(28,848)
Due from shareholder	(10,872)
Accounts payable and accrued expenses	527,136
Due to clearing organization	178,929
Net cash provided by operating activities	<u>442,070</u>
<b>INVESTING ACTIVITIES</b>	
Acquisition of fixed assets	<u>(16,455)</u>
Net cash (used in) investing activities	<u>(16,455)</u>
<b>FINANCING ACTIVITIES</b>	
Subordinated loan	<u>100,000</u>
Net cash provided by financing activities	<u>100,000</u>
<b>NET INCREASE IN CASH</b>	525,615
<b>CASH AT BEGINNING OF YEAR</b>	<u>86,056</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 611,671</u></u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>	
Cash paid for:	
Interest	<u>\$ 37</u>
Income taxes	<u><u>\$ 2,893</u></u>

The accompanying notes are an integral part of these financial statements.

**BURT MARTIN ARNOLD SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Burt Martin Arnold Securities, Inc. (the Company), is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company, which was incorporated in the state of California on August 26, 1999, is based in Rolling Hills Estates, California.

The Company's primary source of revenue is providing brokerage services to customers. The Company also generates revenue through securities trading.

The Company is considered an introducing broker whereby customer orders are accepted but are cleared through a clearing organization, which is unaffiliated with the Company. The agreement with the clearing organization is described in Note 2. The Company is a fully-disclosed broker-dealer and, as such, is exempt from SEC Rule 15c3-3 under exemption provision paragraph (K)(2)(ii).

**Revenue recognition**

Brokerage commission and market making, and principal transactions and related clearing expenses are recorded on a trade-date basis as securities transactions occur. Customers' securities and commodities transactions are reported on a settlement date basis.

**Securities owned and securities sold, not yet purchased**

Securities owned, which are readily marketable and securities sold, not yet purchased are recorded at estimated fair value. Securities sold, not yet purchased represent obligations to the Company to deliver specified securities at the contracted prices, thereby creating a liability to purchase the securities at prevailing market prices. Securities owned which are not readily marketable, are valued at estimated fair value as determined by management. The resulting difference between cost and estimated fair value is included in income.

**Use of 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 significantly from those estimates.

**BURT MARTIN ARNOLD SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**  
**(continued)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash and cash equivalents**

For the purpose of the statements of cash flows, all highly liquid investments with the maturity of three months or less are considered to be cash equivalents. From time to time, the Company's cash account balances may exceed federally insured limits. The Company has not experienced any losses to date.

**Property and equipment**

Property and equipment has been recorded at cost. Depreciation is computed using the straight-line method over the asset's estimated useful life of 2 to 7 years. Total depreciation and amortization expense for the year ended December 31, 2009, was \$17,212.

**Income taxes**

Income tax expense includes federal and state taxes currently payable and deferred taxes arising from temporary differences between income for financial reporting and income tax purposes.

The Company accounts for income taxes under FASB ASC 740-10 which requires the use of the liability method. FASB ASC 740-10 provides that deferred tax assets and liabilities are recorded based on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary differences. Deferred tax assets and liabilities at the end of each period are determined using the currently enacted tax rates applied to taxable income in the periods in which the deferred tax assets and liabilities are expected to be settled or realized.

**Fair value of financial instruments**

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2009. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include cash, receivable from clearing organization, securities and accounts payable and accrued expenses. Fair values were assumed to approximate carrying values for cash, receivable, and accounts payable and accrued expenses because they are short term in nature.

**BURT MARTIN ARNOLD SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**  
(continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Segment information**

The Company follows FASB ASC 280-10, "Disclosure about Segments of an Enterprise and Related Information." Certain information is disclosed, per SFAS No. 131, based on the way management organizes financial information for making operating decisions and assessing performance. The Company currently operates in one business segment and will evaluate additional segment disclosure requirements as it expands operations.

**NOTE 2 – RECEIVABLE FROM AND PAYABLE TO CLEARING ORGANIZATION**

Through 2009, the Company had a fully disclosed relationship agreement with Ridge Clearing & Outsourcing Solutions, Inc. ("Ridge"). The agreement states that the clearing agent clears all securities transactions for the Company's customers and also performs certain "back office" functions for the Company. These functions include, among other things, processing customer orders as they are transmitted to the clearing agent, preparing and mailing transaction confirmations and customer statements directly to the customers and performing all cashiering functions for customer accounts.

The Company receives commission and fee income from the clearing agent based on the number and size of transactions. The Company pays all costs associated with transactions executed through the clearing agent plus a fee per transaction based on the amount of business transacted during the month. The agreement requires, and the Company maintains, a cash deposit with Ridge which is included in receivable from clearing organization. The cash deposit at December 31, 2009, is \$100,000.

The Company currently transacts all of its brokerage business through Ridge. Should Ridge not fulfill its obligations under the agreement, the Company may be exposed to risk. The risk of default depends on Ridge ability to continue to perform under the agreement as well as the creditworthiness of Ridge. It is the Company's policy to review, as necessary, the credit standing and financial viability of Ridge.

Amounts receivable from and payable to the clearing organization at December 31, 2009, consist of the following:

	<u>Receivable</u>	<u>Payable</u>
Receivable from clearing organization	\$ 100,000	\$ --
Payable to clearing organization	--	524,136
Fees and commissions receivable	<u>506,835</u>	<u>--</u>
	<u>\$ 606,835</u>	<u>\$ 524,136</u>

**BURT MARTIN ARNOLD SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**  
**(continued)**

**NOTE 3 – SECURITIES OWNED AND SOLD, NOT YET PURCHASED**

Marketable securities owned and sold, not yet purchased, consist of trading securities at market values, as follows:

	<u>Owned</u>
Corporate Stocks	\$ <u>410,275</u>

Securities not readily marketable include investment securities (a) for which there is no market on a securities exchange or no independent publicly quoted market; (b) that cannot be publicly offered or sold unless a registration has been effected under the Securities Act of 1933; or (c) that cannot be offered or sold because of other arrangements, restrictions, or conditions applicable to the securities or to the Company.

**NOTE 4 – PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment as of December 31, 2009:

Leasehold improvements	\$ 69,995
Computer equipment	49,602
Furniture and fixtures	28,756
Office equipment	<u>9,255</u>
	157,608
Less accumulated depreciation	<u>(82,768)</u>
Net property and equipment	\$ <u>74,840</u>

**NOTE 5 – NET CAPITAL REQUIREMENTS**

The Company is subject to the SEC 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. At December 31, 2009, the Company had net capital of \$196,150, which was \$96,150 in excess of its required net capital of \$100,000. The Company's ratio of aggregate indebtedness to the net capital was 658%.

**BURT MARTIN ARNOLD SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**  
(continued)

**NOTE 6 – COMMITMENTS**

The Company leases office space from an unrelated party under a lease that expires December 31, 2014. Total rent expense for the year ended December 31, 2009, was \$59,988. The future minimum lease payments are \$46,860 per year until the year ending December 31, 2014.

**NOTE 7 – CONCENTRATIONS OF CREDIT RISK**

In the normal course of business the Company's customer activities involve the execution and settlement of various customer securities that settle in accordance with industry practices, which for most securities, is currently three business days after trade date. These activities may expose the Company to off-balance sheet credit and market risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company is required to purchase or sell the financial instrument underlying the contract at a loss. The risk of default depends on the credit worthiness of the customer or issuer of the financial instrument held as collateral.

From time to time, the Company's cash account balances may exceed federally insured limits. The Company has not experienced any losses to date.

**NOTE 8 – INCOME TAXES**

Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse.

During 2009 the Company converted from cash to accrual basis for tax purposes. This conversion resulted in a net adjustment of \$272,559. This amount is to be paid through 2012. The total amount was reduced by the 2009 portion of \$68,140 leaving a total of \$204,419. The following are the components of the deferred tax liabilities as of December 31, 2009:

	<u>Tax Basis</u>	<u>Tax Effect</u>
Current year tax return	\$296,364	\$ 79,544
Conversion from cash to accrual for tax	<u>204,419</u>	<u>54,866</u>
Total	\$500,783	\$134,410

**BURT MARTIN ARNOLD SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**  
**(continued)**

**NOTE 8 – INCOME TAXES (continued)**

Included in the tax effect is a Federal tax rate of 18% and State tax rate of 8.84%. As of December 31, 2009, the Company's estimated income taxes payable is \$134,410 of which \$79,544 is current year and \$54,866 is deferred over the next three years.

**NOTE 9 – SUBORDINATED DEBT**

On April 23, 2009, the Company obtained a subordinated loan pursuant to a subordinated promissory note from the President. The loan is in the aggregate principal amount of \$100,000, bears no interest, is payable on or before June 30, 2010. The subordinated loan was incurred and shall be used as part of the Company's capital and shall be subject to the risks of the business.

**NOTE 10 – SUBSEQUENT EVENTS**

Management of the Company has reviewed all subsequent transactions through February 15, 2010, the date the financial statements were available to be issued. It has been determined that there are no subsequent events which would require disclosure in the financial statements.

**Burt Martin Arnold Securities, Inc.**  
**Schedule I - Computation Of Net Capital Under Rule 15c3-1**  
**Of The Securities And Exchange Commission**  
**December 31, 2009**

Stockholder's equity per Statement of Financial Condition	\$	516,363
Add: Subordinated debt	\$	100,000
Less: Total nonallowable assets		(279,111)
Haircut of marketable securities		<u>(141,080)</u>
Net Capital	\$	<u>196,172</u>
Aggregate indebtedness - items included in financial statements	\$	<u>1,039,780</u>
Basic net capital requirement	\$	<u>100,000</u>
Excess net capital	\$	<u>96,172</u>
Ratio aggregate indebtedness to net capital		<u>530%</u>
Net capital as reported in Company's Part II (unaudited) FOCUS Report as of December 31, 2009:	\$	180,581
Effect of audit adjustments		<u>15,591</u>
Revised net capital	\$	<u>196,172</u>

**Burt Martin Arnold Securities, Inc.**  
**Schedule III - Computation For Determination of Reserve Requirements**  
**and Information Relating to the Possession and Control**  
**Requirements Under Rule 15c3-3**  
**December 31, 2009**

Burt Martin Arnold Securities, Inc. relies on Section K (2)(ii) of the Securities and Exchange Commission Rule 15c3-3 to exempt them from the provisions of these rules.



STARK • WINTER • SCHENKEIN

To the Board of Directors of  
Burt Martin Arnold Securities, Inc.

In planning and performing the audit of the financial statements and supplemental schedule of Burt Martin Arnold Securities, Inc. (the Company), 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 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 generally accepted accounting principles. Rule 17a-5(g)

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STARK • WINTER • SCHENKEIN & CO., LLP • *Certified Public Accountants • Financial Consultants*

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PHONE: 303.694.6700 • FAX: 303.694.6761 • TOLL FREE: 888.766.3985 • WWW.SWSCPAS.COM  
AN INDEPENDENT MEMBER OF BKR INTERNATIONAL

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 result 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 purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2009, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, 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.



Denver, Colorado  
February 15, 2010

**Transitional Assessment Reconciliation**

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

**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:

Mr. Burt M. Arnold, President  
Burt Martin Arnold Securities, Inc.  
608 Silver Spur Road, Suite 100  
Rolling Hills Estates, CA 90274

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.

Dudley Muth (310) 544-3545

WORKING COPY

2. A. General assessment [item 2e from page 2 (not less than \$150 minimum)]	\$ 15,763
B. Less payment made with SIPC-4 made in January, February or March 2009 (For all fiscal year ends except January, February, or March)	( 3,503 )
Date Paid	12,260
C. Assessment balance due	0
D. Interest computed on late payment (see instruction E) for _____ days at 20% per annum	0
E. Total assessment balance and interest due (or overpayment carried forward)	\$ 12,260
F. PAID WITH THIS FORM: Check enclosed, payable to SIPC Total (must be same as E above)	\$ 12,260

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.

Burt Martin Arnold Securities, Inc.

(Name of Corporation, Partnership or other organization)

(Authorized Signature)

President

(Title)

Dated the 18 day of February, 20 10

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 December 31 2009 \_  
Eliminate cents

**Item No.**

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

\$ 6,250,377

**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

304,229

**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.

\_\_\_\_\_

(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):

\_\_\_\_\_

(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.

\$ \_\_\_\_\_

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

\$ \_\_\_\_\_

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

\_\_\_\_\_

Total deductions

249,600

2d. SIPC Net Operating Revenues

\$ 6,305,006

2e. General Assessment @ .0025

\$ 15,763

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



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**INDEPENDENT AUDITORS' REPORT ON THE SIPC ANNUAL ASSESSMENT  
REQUIRED UNDER SEC RULE 17a-5(e)(4)**

To the Board of Directors  
Burt Martin Arnold Securities, Inc.

In accordance with Rule 17a-5(e)(4) of the Securities and Exchange Commission, we have performed the following procedures with respect to the accompanying schedule of Securities Investor Protection Corporation assessments and payments (Form SIPC-7T) of Burt Martin Arnold Securities, Inc., for the year ended December 31, 2009. These procedures were performed solely to assist in complying with Rule 17a-5(e)(4), and the report is not to be used for any other purpose. The procedures that were performed are as follows:

1. Compared listed assessment payments with respective cash disbursements record entries;
2. Compared amounts reported on Form X-17a-5 with the amounts reported in the General Assessment Reconciliation (Form SIPC-7T) for the twelve months ended December 31, 2009;
3. Compared any adjustments reported in Form SIPC-7T with supporting schedules and working papers;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules and working papers supporting adjustments; and
5. Compare the amount of any overpayment applied with the Form SIPC-7T on which it was compared.

Because the above procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on the schedule referred to above. In connection with the procedures referred to above, nothing came to our attention that caused us to believe that the amounts shown on Form SIPC-7T were not determined in accordance with the applicable instructions and forms.

This report relates only to the schedule referred to above and does not extend to any financial statements of Burt Martin Arnold Securities, Inc., taken as a whole.

Stark Winter Schenkein & Co., LLP

*Stark Winter Schenkein & Co., LLP*

February 15, 2010

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