



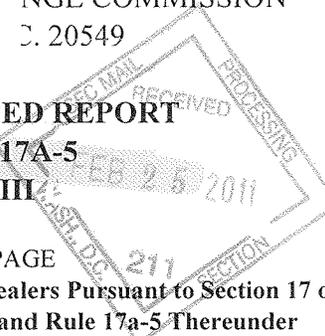
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STATES
SECURITIES COMMISSION
C. 20549

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**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, 2010 AND ENDING December 31, 2010
Date Date

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: The Jeffrey Matthews Financial Group, L.L.C.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

284 Millburn Avenue
(No. and Street)

Milburn New Jersey 07041
(City) (State) (Zip Code)

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

Gene Stice 973-467-1223
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

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

100 Eagle Rock Avenue East Hanover New Jersey 07936
(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)

SEC 1410 (06-02)

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3/9/2011

OATH OR AFFIRMATION

I, Jeffery Halpert, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of The Jeffrey Matthews Financial Group, L.L.C. as of December 31, 2010, 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

Managing Member

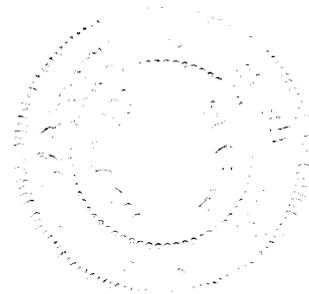
Title

Amy Warren

Notary Public

AMY WARREN

Notary Public of New Jersey
My Commission Expires 5/28/15



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.
- (o) Independent Auditors' Report on Internal Accounting Control.

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

THE JEFFREY MATTHEWS FINANCIAL GROUP, L.L.C.

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FRIEDMAN LLP
ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Members
The Jeffrey Matthews Financial Group, L.L.C.

We have audited the accompanying statement of financial condition of The Jeffrey Matthews Financial Group, L.L.C. as of December 31, 2010, and the related statements of income, changes in members' equity, cash flows and changes in liabilities subordinated to claims of general creditors 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and 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 The Jeffrey Matthews Financial Group, L.L.C. as of December 31, 2010 and the results of operations, cash flows and changes in liabilities subordinated to claims of general creditors 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 Schedules I and II is presented for the purposes of additional analysis and is not a required part of the basic financial statements, but is supplemental 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, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Friedman LLP

February 14, 2011

THE JEFFREY MATTHEWS FINANCIAL GROUP, L.L.C.

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2010

ASSETS

Cash	\$ 85,048
Receivable from clearing organization	15,161
Deposit with clearing organization	100,000
Securities owned, at market value	5,445,083
Secured demand notes collateralized by marketable securities	487,500
Accrued interest receivable	69,569
Property and equipment - at cost, net	238,045
Other assets	340,962
	<hr/>
	\$ 6,781,368

LIABILITIES AND MEMBERS' EQUITY

Payable to clearing organization	\$ 4,239,105
Securities sold, not yet purchased, at market value	40,824
Accounts payable, accrued expenses and other liabilities	475,514
Due to members	29,847
Deferred revenue	275,000
	<hr/>
	5,060,290

Commitments

Liabilities subordinated to claims of general creditors	487,500
Members' equity	1,233,578
	<hr/>
	\$ 6,781,368

See notes to financial statements.

THE JEFFREY MATTHEWS FINANCIAL GROUP, L.L.C.

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2010

Revenues	
Trading income	\$ 5,873,594
Commissions	738,632
Syndication income	142,278
Investment income	474,874
Other	434,409
	<hr/>
	7,663,787
	<hr/>
Expenses	
Employee compensation and benefits	5,055,271
Interest	118,194
Clearance charges	237,562
Communications	59,176
Occupancy	308,588
Promotional costs	112,295
Quotation services	233,747
Regulatory fees	78,923
Depreciation and amortization	89,451
Other operating expenses	663,728
	<hr/>
	6,956,935
	<hr/>
Net income	\$ 706,852

See notes to financial statements.

THE JEFFREY MATTHEWS FINANCIAL GROUP, L.L.C.

STATEMENT OF CHANGES IN MEMBERS' EQUITY

YEAR ENDED DECEMBER 31, 2010

Balance, January 1, 2010	\$ 1,251,575
Net income	706,852
Member distributions	(724,849)
Balance, December 31, 2010	\$ 1,233,578

See notes to financial statements.

THE JEFFREY MATTHEWS FINANCIAL GROUP, L.L.C.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2010

Cash flows from operating activities	
Net income	\$ 706,852
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	89,451
Bad debt expense	58,730
Changes in assets and liabilities	
Receivable from clearing organization	6,735
Securities owned	14,416
Accrued interest receivable	10,472
Other assets	(4,150)
Payable to clearing organization	338,994
Securities sold, not yet purchased	(25,664)
Deferred revenue	(150,000)
Accounts payable, accrued expenses and other liabilities	95,543
<u>Net cash provided by operating activities</u>	<u>1,141,379</u>
Cash flows from investing activities	
Acquisition of furniture and equipment	(78,256)
Cash flows from financing activities	
Payments to members	(306,565)
Member distributions	(724,849)
<u>Net cash used in financing activities</u>	<u>(1,031,414)</u>
Net increase in cash	31,709
Cash, beginning of year	53,339
<u>Cash, end of year</u>	<u>\$ 85,048</u>
Supplemental cash flow disclosures	
Interest paid	\$ 118,194

See notes to financial statements.

THE JEFFREY MATTHEWS FINANCIAL GROUP, L.L.C.
STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS

YEAR ENDED DECEMBER 31, 2010

Balance, January 1, 2010	\$ 487,500
Proceeds from subordinated notes	-
Repayment of subordinated notes	-
Balance, December 31, 2010	\$ 487,500

See notes to financial statements.

THE JEFFREY MATTHEWS FINANCIAL GROUP, L.L.C.

NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

The Jeffrey Matthews Financial Group, L.L.C. (the "Company"), organized in 1996, is a broker-dealer registered with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA). The Company operates sales offices in New Jersey and Connecticut and acts as a broker and dealer of products consisting primarily of municipal bonds, corporate bonds and stocks. The Company has a finite life which will terminate upon the occurrence of a specified terminating event or December 1, 2050, whichever occurs first.

Operating in the securities industry subjects the Company to economic and political trends and conditions.

Security transactions and related revenues and expenses are recorded on a trade date basis. All investments at December 31, 2010 are held by the Company's clearing organization.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

Concentration of Credit Risk for Cash

The Company maintains its cash balances at one financial institution. These balances are insured by the Federal Deposit Insurance Corporation subject to certain limitations.

Fair Value Measurements

United States generally accepted accounting principles ("GAAP") requires certain financial assets and liabilities to be measured at fair value. GAAP defines fair value, provides guidance for measuring fair value, requires certain disclosures and discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow) and the cost approach (cost to replace the service capacity of an asset or replacement cost). GAAP also provides for a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

THE JEFFREY MATTHEWS FINANCIAL GROUP, L.L.C.

NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Level 3: Unobservable inputs that reflect management's own assumptions.

Deferred Revenue

Amounts received as an incentive from the clearing broker are being recognized over the five year term of the agreement.

Member Equity

In accordance with the operating agreement, each member has made an initial capital contribution to the Company in varying amounts of cash. Additional capital contributions shall be required only with the written consent of the members. No interest shall be due from the Company on any capital contribution of any member. Net income and net losses in respect of each fiscal year of the Company shall be allocated to the members, on the last day of such fiscal year, in amounts proportionate with the members' interests in the Company. The members' shall have no liability or obligation for any debts, liabilities or obligations of the Company beyond the members' respective capital contribution or obligation to make a capital contribution, except as expressly required by applicable law.

Depreciation and Amortization

Depreciation is computed utilizing the straight-line method over the estimated useful lives of the assets ranging from 3 to 7 years. Leasehold improvements are amortized using the straight-line method over estimated useful lives or the term of the lease, whichever is shorter.

Commissions

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

Income Taxes

The Company is not a taxpaying entity for income tax purposes and, accordingly, no provision has been made for income taxes. The members' allocable share of the Company's income or loss are reportable on their income tax returns.

Federal, state and local income tax returns for years prior to 2007 are no longer subject to examination by tax authorities.

Subsequent Events

These financial statements were approved by management and available for issuance on February 14, 2011. Management has evaluated subsequent events through this date.

THE JEFFREY MATTHEWS FINANCIAL GROUP, L.L.C.

NOTES TO FINANCIAL STATEMENTS

2 - SECURITIES OWNED AND SOLD, NOT YET PURCHASED

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

	Owned	Sold, Not Yet Purchased
Federal, state and municipal obligations	\$ 5,335,636	\$ 25,626
Certificates of deposits	62,993	15,198
Corporate obligations and stocks	46,454	-
	<u>\$ 5,445,083</u>	<u>\$ 40,824</u>

Corporate stocks totaling \$42,639 are classified as Level 1 securities. All other securities owned and sold, not yet purchased are classified as Level 2 securities.

3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Office equipment	\$ 146,474
Furniture and fixtures	166,815
Leasehold improvements	45,364
	<u>358,653</u>
Less - Accumulated depreciation and amortization	120,608
	<u>\$ 238,045</u>

4 - OTHER ASSETS

Other assets consist of the following:

Customer list, net	\$ 14,000
Prepaid expenses	84,712
Security deposits	28,475
Notes receivable, employees	155,000
Due from employees	40,306
Other assets	18,469
	<u>\$ 340,962</u>

THE JEFFREY MATTHEWS FINANCIAL GROUP, L.L.C.

NOTES TO FINANCIAL STATEMENTS

5 - PAYABLE TO CLEARING ORGANIZATION

The payable to clearing organization represents loans collateralized by marketable securities at the broker call rate less 0.25%, which was 1.75% at December 31, 2010.

6 - LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

Borrowings under subordination agreements, from related parties, at December 31, 2010 are as follows:

Liabilities pursuant to secured demand note collateral agreements are as follows:

Due December 31, 2011	\$ 220,000
Due June 15, 2011	75,000
Due April 30, 2012	21,286
Due April 30, 2012	64,784
	<u>\$ 487,500</u>

The subordinated borrowings are covered by agreements approved by the Financial Industry Regulatory Authority and are thus available in computing net capital under the Securities and Exchange Commission's net capital rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be eligible for repayment.

7 - COMMITMENTS

The Company is obligated under non-cancelable operating leases for vehicles and equipment, as well as office facilities owned by individuals related to a member and another sales office, expiring in various years through April 2014. In addition to base rent on its office facilities, the Company is required to pay its proportionate share of real estate taxes, maintenance and insurance.

THE JEFFREY MATTHEWS FINANCIAL GROUP, L.L.C.

NOTES TO FINANCIAL STATEMENTS

7 - COMMITMENTS (Continued)

The future minimum rental payments are as follows:

Year Ending December 31,	Total	Offices	Other
2011	\$ 229,348	\$ 152,952	\$ 76,396
2012	125,973	76,476	49,497
2013	36,115	-	36,115
2014	9,253	-	9,253
	<u>\$ 400,689</u>	<u>\$ 229,428</u>	<u>\$ 171,261</u>

Rent expense under all operating leases was \$322,569 for the year ended December 31, 2010. Included in rent expense is \$192,540 paid to a related party for the year ended December 31, 2010.

8 - RELATED PARTY TRANSACTIONS

See notes 6 and 7 for related party transactions.

9 - DEFERRED COMPENSATION PLAN

The Company maintains a Safe Harbor 401(k) deferred compensation plan which covers substantially all employees. Participants are permitted, in accordance with the provisions of section 401(k) of the Internal Revenue Code, to contribute a portion of their gross earnings into the Plan. Employer contributions are made on a discretionary basis as well as a mandatory safe harbor contribution, as defined. Employer safe harbor contributions made for the year ended December 31, 2010 were \$108,920.

10 - REGULATORY REQUIREMENTS

As a registered broker-dealer, the Company is subject to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, which requires that the Company's aggregate indebtedness shall not exceed fifteen times net capital, as defined, under such provision. At December 31, 2010, the Company had net capital of \$813,143, which exceeded requirements by \$713,143. The ratio of aggregate indebtedness to net capital was 0.62 to 1.

THE JEFFREY MATTHEWS FINANCIAL GROUP, L.L.C.

NOTES TO FINANCIAL STATEMENTS

11 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET CREDIT RISK

In the normal course of business, the Company's customer activities involve the execution, settlement and financing of various customer securities. These activities may expose the Company to off-balance sheet credit risk in the event the customer is unable to fulfill its contracted obligations. The Company is therefore exposed to risk of loss on these transactions in the event of a contra party being unable to meet the terms of their contracts, which may require the Company to purchase or sell financial instruments at prevailing market prices.

12 - RISKS AND UNCERTAINTIES

The Company invests in certain securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the balance sheet.

SUPPLEMENTARY INFORMATION

Pursuant to Rule 17a-5 of the Securities Exchange Act of 1934

As of December 31, 2010

THE JEFFREY MATTHEWS FINANCIAL GROUP, L.L.C.

SCHEDULE I

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2010

Computation of net capital	
Total members' equity	\$ 1,233,578
Additions	
Liabilities subordinated to claims of general creditors allowable in computation of net capital	487,500
Total capital and allowable subordinated liabilities	1,721,078
Deductions and/or charges	
Non-allowable assets	579,007
Net capital before haircuts on securities positions	1,142,071
Haircuts on securities positions	
State and municipal government obligations	309,337
Other securities	19,591
	328,928
Net capital	\$ 813,143
Computation of aggregate indebtedness	
Accounts payable, accrued expenses and other liabilities includable in aggregate indebtedness	\$ 504,867
Aggregate indebtedness	\$ 504,867
Computation of basic net capital requirement	
Minimum net capital required (greater of 6 2/3% of aggregate indebtedness)	\$ 33,658
Minimum dollar per capital requirements	100,000
Minimum net capital requirements (greater of minimum net capital or dollar requirement)	\$ 100,000
Excess net capital	\$ 713,143
Excess net capital at 1,000 percent	\$ 762,656
Ratio: Aggregate indebtedness to net capital	0.62 to 1
Reconciliation with Company's computation (included in Part II of Form X-17A-5 as of December 31, 2010)	
Net capital, as reported in the Company's Part II (unaudited) Focus report	\$ 842,989
Increases (decreases) resulting from December 31, 2010 audit adjustments, net	(29,846)
Net capital, as included in this report	\$ 813,143

THE JEFFREY MATTHEWS FINANCIAL GROUP, L.L.C.

SCHEDULE II

STATEMENT REGARDING SEC RULE 15c3-3

DECEMBER 31, 2010

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission under paragraph (k)(2)(ii) of that Rule.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
REQUIRED BY RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION**

To the Members
The Jeffrey Matthews Financial Group, L.L.C.

In planning and performing our audit of the financial statements of The Jeffrey Matthews Financial Group, L.L.C. (the "Company"), as of and for the year ended December 31, 2010, 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 audit 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 an internal control structure 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 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 deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. 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, 2010, to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC, the Financial Industry Regulatory Authority, Inc. 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.

Friedman LLP

Certified Public Accountants

East Hanover, New Jersey
February 14, 2011



THE JEFFREY MATTHEWS FINANCIAL GROUP, L.L.C.
SECURITIES INVESTOR PROTECTION CORPORATION
FORM SIPC-7

SEC FILE NO. 8-49352

YEAR ENDED DECEMBER 31, 2010



FRIEDMAN LLP
ACCOUNTANTS AND ADVISORS

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

To the Members
The Jeffrey Matthews Financial Group, L.L.C.

In accordance with Rule 17a-5(e)(4) under the Securities and 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 year ended December 31, 2010, which were agreed to by The Jeffrey Matthews Financial Group, L.L.C. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC, solely to assist you and the other specified parties in evaluating The Jeffrey Matthews Financial Group, L.L.C.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Jeffrey Matthews Financial Group, L.L.C.'s management is responsible for The Jeffrey Matthews Financial Group, L.L.C.'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-7 with respective cash disbursement records entries noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2010, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2010 noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 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.

Friedman LLP

February 14, 2011

THE JEFFREY MATTHEWS FINANCIAL GROUP, L.L.C.

**SCHEDULE OF ASSESSMENT AND PAYMENTS TO THE
SECURITIES INVESTOR PROTECTION CORPORATION**

YEAR ENDED DECEMBER 31, 2010

<u>Period Covered</u>	<u>Date Paid</u>	<u>Amount</u>
General assessment reconciliation for the year ended December 31, 2010		\$ 16,749.00
<u>Payment schedule:</u>		
SIPC-6	07/26/10	8,418.00
SIPC-7	02/07/11	8,331.00
Balance due		\$ -