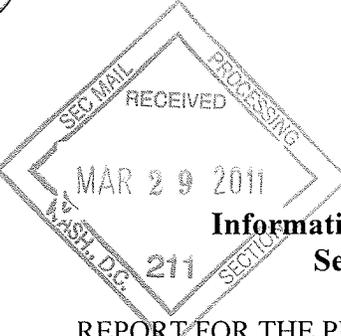




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hours per response... 12.00



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

SEC FILE NUMBER  
8-41415

**FACING PAGE**

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

REPORT FOR THE PERIOD BEGINNING 01/01/10 AND ENDING 12/31/10  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:  
**MIDWOOD SECURITIES, INC.**

OFFICIAL USE ONLY

FIRM I.D. NO.

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

**ONE BATTERY PARK PLAZA, 24<sup>TH</sup> FLOOR**

(No. and Street)

**NEW YORK**

(City)

**NY**

(State)

**10004**

(Zip Code)

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

**EDWARD MARCH**

**(212) 742-9600**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**CITRIN COOPERMAN & COMPANY, LLP**

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

**529 FIFTH AVENUE**

(Address)

**NEW YORK**

(City)

**NY**

(State)

**10017**

(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)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMS control number.

*KW 4/8*

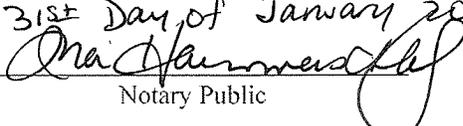
OATH OR AFFIRMATION

I, EDWARD MARCH, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MIDWOOD SECURITIES INC., 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:

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

  
Signature

CHIEF EXECUTIVE OFFICER  
Title

Sworn to before me this  
31st Day of January 2011  
  
Notary Public

INA HAMMERSCHLAG  
Notary Public, State of New York  
No. 01HA5066193  
Qualified in Queens County  
Commission Expires September 23, 2014

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (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 auditor's report on internal control.

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

**MIDWOOD SECURITIES, INC.**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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**CITRINCOOPERMAN**

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## INDEPENDENT AUDITORS' REPORT

To the Shareholder  
Midwood Securities, Inc.

We have audited the accompanying statement of financial condition of Midwood Securities, Inc. (the "Company") as of December 31, 2010, and the related statements of operations, changes in shareholder's equity, changes in subordinated borrowings, 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 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, 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 Midwood Securities, Inc. as of December 31, 2010, 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.

As more fully described in Note 2, the Company intends to cease operations on or about March 31, 2011.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplementary schedule on page 12-13 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.

March 28, 2011

  
CITRIN COOPERMAN COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

**MIDWOOD SECURITIES, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2010**

**ASSETS**

Cash and cash equivalents	\$	799,309
Cash segregated for the exclusive benefit of customers		83,534
Receivable from and deposits with clearing broker		435,255
Securities owned, at fair value		95,593
Property and equipment, net of accumulated depreciation and amortization of \$655,919		24,520
Secured demand notes receivable		200,000
Other assets		<u>132,741</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>1,770,952</u></b>

**LIABILITIES AND SHAREHOLDER'S EQUITY**

Liabilities:

Accounts payable, accrued expenses and other liabilities	\$	576,311
Employee compensation payable		465,337
Deferred rent		70,842
Subordinated borrowings		<u>200,000</u>
Total liabilities		<u>1,312,490</u>

Commitments and contingencies (Note 11)

Shareholder's equity:

Common stock, no par value; 1,000 shares authorized, 222 shares issued and outstanding		1,000
Additional paid-in capital		399,000
Retained earnings		<u>58,462</u>
Total shareholder's equity		<u>458,462</u>

**TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY** **\$** **1,770,952**

**MIDWOOD SECURITIES, INC.**  
**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Retained earnings</u>	<u>Total</u>
Balance - beginning	\$ 1,000	\$ 399,000	\$ 539,493	\$ 939,493
Net loss	<u>-</u>	<u>-</u>	<u>(481,031)</u>	<u>(481,031)</u>
<b>BALANCE - ENDING</b>	<b><u>\$ 1,000</u></b>	<b><u>\$ 399,000</u></b>	<b><u>\$ 58,462</u></b>	<b><u>\$ 458,462</u></b>

See accompanying notes to financial statements.

**MIDWOOD SECURITIES, INC.**  
**STATEMENT OF CHANGES IN SUBORDINATED BORROWINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

Subordinated borrowings - beginning	\$ 200,000
Increases:	
Issuance of subordinated notes	-
Decreases:	
Payment of subordinated notes	<u>-</u>
<b>SUBORDINATED BORROWINGS - ENDING</b>	<b><u>\$ 200,000</u></b>

See accompanying notes to financial statements.

**MIDWOOD SECURITIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

Cash flows from operating activities:	
Net loss	\$ (481,031)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	13,266
Deferred rent	(56,649)
Changes in assets and liabilities:	
Cash and securities segregated for the exclusive benefit of customers	94,537
Receivable from clearing broker	(202,451)
Securities owned, at market value	(5,885)
Other assets	(28,478)
Employee compensation payable	103,141
Accounts payable, accrued expenses and other liabilities	<u>5,466</u>
Net cash used in operating activities	(558,084)
Cash and cash equivalents - beginning	<u>1,357,393</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b><u>\$ 799,309</u></b>
 Supplemental disclosure of cash flow information:	
Cash paid during the year for:	
Interest	<u>\$ 5,000</u>

See accompanying notes to financial statements.