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

SEC FILE NUMBER
8-36997

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 01/01/2011 AND ENDING 12/31/2011
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: MID-ATLANTIC SECURITIES, INC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

4001 BARRETT DRIVE ; STE 100
(No. and Street)
RALEIGH N.C. 27609
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
JAMES GLOVER 919-783-7787
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

BATCHELOR, TILLERY & ROBERTS, LLP
(Name - if individual, state last, first, middle name)
3605 GLENWOOD NE. RALEIGH NC 27612
(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)

OATH OR AFFIRMATION

I, JAMES B. GLOVER JR., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MIA-ATLANTIC SECURITIES, INC, as of DECEMBER 31, 20 11, 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:

James B. Glover Jr.
Signature
TREASURER
Title

State of North Carolina
Wake County

Jenna Guess
Notary Public My Commission expires 10-17-12

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).

MID-ATLANTIC SECURITIES, INC.

**Consolidated Financial Statements
and Supplemental Information**

December 31, 2011 and 2010

(With Independent Auditors' Report Thereon)

MID-ATLANTIC SECURITIES, INC.

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BATCHELOR, TILLERY & ROBERTS, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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RALEIGH, NORTH CAROLINA 27619

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Independent Auditors' Report

The Board of Directors
Mid-Atlantic Securities, Inc.:

We have audited the accompanying consolidated balance sheets of Mid-Atlantic Securities, Inc. and subsidiary (the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for the years then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information contained on pages 12 through 15 required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Batchelor, Tillery & Roberts, LLP

February 24, 2012

MID-ATLANTIC SECURITIES, INC.

Consolidated Balance Sheets

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 513,531	551,179
Marketable securities available-for-sale	7,421	7,485
Receivable from clearing corporation	32,458	28,407
Other receivables	137,042	108,066
Prepaid expenses	3,170	3,170
Total current assets	<u>693,622</u>	<u>698,307</u>
Furniture and equipment, net	<u>20,412</u>	<u>18,207</u>
	<u>\$ 714,034</u>	<u>716,514</u>
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Accounts payable to non-customers	5,228	5,700
Accrued commissions and other payables	<u>298,900</u>	<u>342,725</u>
Total current liabilities	304,128	348,425
Deferred tax liability	<u>1,700</u>	<u>2,250</u>
Total liabilities	<u>305,828</u>	<u>350,675</u>
Commitments and contingencies		
Stockholders' equity:		
Class A common stock, \$0.10 par value; 1,000 shares authorized; issued and outstanding, 500 shares in 2010 and 650 shares in 2009	50	50
Class B common stock, \$0.10 par value; authorized 1,000 shares; no shares issued	-	-
Additional paid-in capital	68,881	68,881
Accumulated other comprehensive loss	(12,679)	(12,615)
Retained earnings	<u>351,954</u>	<u>309,523</u>
Total stockholders' equity	<u>408,206</u>	<u>365,839</u>
	<u>\$ 714,034</u>	<u>716,514</u>

See accompanying notes to consolidated financial statements.

MID-ATLANTIC SECURITIES, INC.

Consolidated Statements of Income and Comprehensive Income

Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Commissions-trading and fees	\$ <u>3,913,608</u>	<u>4,001,313</u>
Expenses:		
Commissions	2,716,784	2,838,049
Salaries and benefits	757,212	670,235
Clearing charges	177,999	231,284
Professional fees	43,387	50,740
Payroll taxes	34,005	32,528
Rent	27,590	28,090
Office supplies	20,894	25,202
Taxes and licenses	23,251	18,252
Email service	6,984	6,732
Depreciation	5,816	5,397
Travel and entertainment	5,830	2,428
Telephone	3,314	2,163
Subscriptions	119	2,103
Miscellaneous	-	1,465
	<u>3,823,185</u>	<u>3,914,668</u>
Income from operations	<u>90,423</u>	<u>86,645</u>
Other income:		
Interest income	941	617
Miscellaneous	<u>3,067</u>	<u>-</u>
	<u>4,008</u>	<u>617</u>
Income before provision for income taxes	94,431	87,262
Provision for income taxes	<u>(22,000)</u>	<u>(21,000)</u>
Net income	72,431	66,262
Other comprehensive (loss) gain - net unrealized (loss) gain on marketable securities	<u>(64)</u>	<u>899</u>
Comprehensive income	\$ <u><u>72,367</u></u>	<u><u>67,161</u></u>

See accompanying notes to consolidated financial statements.

MID-ATLANTIC SECURITIES, INC.

Consolidated Statements of Stockholders' Equity

Years ended December 31, 2011 and 2010

	Common stock	Additional paid- in capital	Accumulated other comprehensive loss	Retained earnings	Total stockholders' equity
Balance as of December 31, 2009	\$ 65	89,545	(13,514)	351,185	427,281
Dividends paid	-	-	-	(30,000)	(30,000)
Repurchase of common stock	(15)	(20,664)	-	(77,924)	(98,603)
Comprehensive income	<u>-</u>	<u>-</u>	<u>899</u>	<u>66,262</u>	<u>67,161</u>
Balance as of December 31, 2010	50	68,881	(12,615)	309,523	365,839
Dividends paid	-	-	-	(30,000)	(30,000)
Comprehensive income	<u>-</u>	<u>-</u>	<u>(64)</u>	<u>72,431</u>	<u>72,367</u>
Balance as of December 31, 2011	\$ <u>50</u>	<u>68,881</u>	<u>(12,679)</u>	<u>351,954</u>	<u>408,206</u>

See accompanying notes to consolidated financial statements.

MID-ATLANTIC SECURITIES, INC.

Consolidated Statements of Cash Flows

Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Net income	\$ 72,431	66,262
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	5,817	5,397
Deferred taxes	(550)	3,000
Changes in operating assets and liabilities:		
Receivables	(33,027)	6,567
Prepaid expenses	-	(288)
Accrued commissions and other liabilities	<u>(44,297)</u>	<u>(141,616)</u>
Net cash provided by (used in) operating activities	<u>374</u>	<u>(60,678)</u>
 Cash flows used in investing activities - purchases of furniture and equipment	 <u>(8,022)</u>	 <u>(3,427)</u>
 Cash flows from financing activities:		
Repurchase of common stock	-	(98,603)
Dividends paid	<u>(30,000)</u>	<u>(30,000)</u>
Net cash used in financing activities	<u>(30,000)</u>	<u>(128,603)</u>
Net decrease in cash and cash equivalents	(37,648)	(192,708)
 Cash and cash equivalents, beginning of year	 <u>551,179</u>	 <u>743,887</u>
 Cash and cash equivalents, end of year	 \$ <u>513,531</u>	 <u>551,179</u>
 Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ <u>21,266</u>	<u>3,699</u>

See accompanying notes to consolidated financial statements.

MID-ATLANTIC SECURITIES, INC.

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(1) Organization

Mid-Atlantic Securities, Inc. (the "Company") was incorporated in North Carolina on October 6, 1986 and commenced operations in January 1987. The Company is a broker-dealer in securities registered with the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority, Inc. (FINRA). The Company is also a registered investment advisor. The Company's equity securities are cleared through a clearing broker-dealer. The clearing broker-dealer, on behalf of the Company and for a fee, conducts and confirms security trades, handles security movements and maintains the customer's security accounts. The Company does not maintain customers' security accounts nor does it perform custodial functions related to customer securities. The Company receives commissions associated with the sale and purchase of securities. In addition to the foregoing, a portion of the Company's revenues is derived from the sale of insurance products.

The Company's wholly-owned subsidiary, MA Securities, Inc., earns revenues from selling insurance products of New York-based companies. As of December 31, 2011 and 2010, MA Securities, Inc. had no assets or stockholder's equity.

(2) Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Mid-Atlantic Securities, Inc. and its wholly-owned subsidiary, MA Securities, Inc., after elimination of all significant intercompany accounts and transactions.

Revenue Recognition

Commissions earned on trades of securities are recognized as income when the underlying transactions are completed. Other commissions and fees are recorded when earned.

Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Marketable Securities

All marketable securities are classified as available-for-sale. As such, they are stated at market value and any unrealized holding gains and losses, net of deferred taxes if material, are reported as other comprehensive income (loss). Realized gains and losses are calculated by using the specific cost method.

MID-ATLANTIC SECURITIES, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2011 and 2010

(2) Summary of Significant Accounting Policies, Continued

Receivable from Clearing Corporation

The Company clears certain of its proprietary and customer transactions through a broker-dealer on a fully disclosed basis. Commissions owed the Company from the clearing broker have been recorded as receivable from clearing corporation.

Other Receivables

The Company has accrued commissions (accounts receivable) related to various December transactions, which have been received in the subsequent year.

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which are generally three to ten years.

Expenditures for repairs and maintenance are charged to expense as incurred. The costs of major renewals and betterments are capitalized. The cost and related accumulated depreciation of furniture and equipment are removed from the accounts upon retirement or other disposition and any resulting gain or loss is reflected in operations for the period.

Advertising

Advertising and related costs are expensed as incurred.

Fair Value Measurements

FASB Accounting Standards Codification (ASC) 820-10 provides a single definition of fair value, together with a framework for measuring it, and requires additional disclosures about the use of fair value to measure assets and liabilities.

FASB ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standard establishes a fair value hierarchy which encourages an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority.

Level 1 Fair Value Measurements

The fair values of equity securities are based on quoted market prices and are, therefore, classified as Level 1.

MID-ATLANTIC SECURITIES, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2011 and 2010

(2) Summary of Significant Accounting Policies, Continued

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to depreciable assets (use of different depreciation methods and lives for financial statement and income tax purposes) and unrealized losses on marketable securities. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Management does not believe the consolidated financial statements include any significant uncertain tax positions. Tax years ending December 31, 2008 through December 31, 2011 remain open for examination by taxing authorities as of the date of this report.

Use of Estimates

The preparation of consolidated 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) Marketable Securities

As of December 31, 2011 and 2010, the cost basis of marketable equity securities was \$20,100, which exceeded the market value by \$12,679 and \$12,615 as of December 31, 2011 and 2010, respectively. The unrealized loss of \$64 and unrealized gain of \$899 for 2011 and 2010, respectively, has been reported in comprehensive income.

(4) Furniture and Equipment

Furniture and equipment consist of the following:

	<u>2011</u>	<u>2010</u>
Computer equipment	\$ 24,719	23,139
Furniture and other equipment	<u>50,526</u>	<u>44,084</u>
	75,245	67,223
Less accumulated depreciation	<u>(54,833)</u>	<u>(49,016)</u>
	<u>\$ 20,412</u>	<u>18,207</u>

MID-ATLANTIC SECURITIES, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2011 and 2010

(5) Net Capital Requirements

The Company is subject to the requirements of Securities and Exchange Commission 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. As of December 31, 2011 and 2010, the Company's net capital was \$343,498 and \$306,588, respectively \$289,863 in excess of its required net capital of \$53,635 in 2011 and \$250,023 in excess of its required net capital of \$56,565 in 2010). The Company's ratio of aggregate indebtedness to net capital was 2.34 to 1 and 2.77 to 1 as of December 31, 2011 and 2010, respectively.

The Company qualifies under the exemption provisions of Rule 15c3-3, paragraph (k)(2)(ii), as the Company does not carry security accounts for customers or perform custodial functions relating to customers' securities. Under the exemption, the Company is not required to maintain a reserve account for the benefit of customers.

(6) Related Party Transactions

Other receivables include \$3,170 as of December 31, 2011 and 2010 due from two officers. Accrued commissions and other payables include \$167,165 and \$197,965, respectively, as of December 31, 2011 and 2010, for commissions due to brokers who also hold an ownership interest in the Company.

See note 9 concerning the office space lease with a company related by common ownership.

(7) Commitments and Contingencies

The Company has been named as defendant in a FINRA arbitration proceeding arising out of the investment recommendations that were provided to a former customer by a former registered representative of the Company. Outside counsel for the Company has advised at this stage of the proceedings he cannot offer an opinion as to the probable outcome. The Company believes the suit is without merit and is vigorously defending its position.

The Company has a clearing agreement with one brokerage firm whereby it must produce a minimum of \$300,000 per year of gross commissions or pay a monthly fee of \$5,000 less monthly clearing charges retained by the brokerage firm. The minimum level of commissions was met in both 2011 and 2010.

The Company is required by the clearing firm to maintain clearing deposits under the current clearing contract totaling \$25,000 as of December 31, 2011 and 2010.

MID-ATLANTIC SECURITIES, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2011 and 2010

(8) Income Taxes

The provision for income taxes consists of the following:

	2011			2010		
	Current	Deferred	Total	Current	Deferred	Total
Federal	\$ 19,550	(475)	19,075	14,400	2,500	16,900
State	<u>3,000</u>	<u>(75)</u>	<u>2,925</u>	<u>3,600</u>	<u>500</u>	<u>4,100</u>
	\$ <u>22,550</u>	<u>(550)</u>	<u>22,000</u>	<u>18,000</u>	<u>3,000</u>	<u>21,000</u>

The provision for income taxes differs from the amount computed by applying the U.S. Federal income tax rate of 34% to income before provision for income taxes due to state income taxes, net of the federal benefit, and multiple tax brackets.

Deferred tax liability arises primarily from timing differences of different depreciation methods for property and equipment.

(9) Leases

The Company began leasing office space from a company affiliated by common ownership during 2005, for which there is no formal rental arrangement. During 2011 and 2010, the Company paid rent each year totaling \$40,190 to this company.

Total rental expense for 2011 and 2010 was \$27,590 and \$28,090, respectively, which is net of subleases which provided rental income of \$12,600 and \$12,100 in 2011 and 2010, respectively.

(10) Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents consist of cash and money market funds maintained with one brokerage firm (\$441,380) and two banks (\$72,151). The amounts held at banks are within the federally insured limit of \$250,000. Accounts receivable are described in note 2. The Company believes there is minimal credit risk relative to its cash investments and accounts receivable.

(11) Benefit Plan

The Company has adopted a SIMPLE IRA Plan whereby employees who are expected to earn at least \$5,000 in compensation for the calendar year are eligible to participate. Eligible employees may contribute a percentage of their compensation up to \$11,500 per year. The Company matches each eligible employee's contribution, up to a limit of 3% of the employee's compensation. The Company's matching contribution for 2011 and 2010 was \$20,071 and \$18,729, respectively.

MID-ATLANTIC SECURITIES, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2011 and 2010

(12) Subsequent Events

The date to which events occurring after December 31, 2011, the date of the most recent consolidated balance sheet, have been evaluated for possible adjustment to the consolidated financial statements or disclosure is February 24, 2012, the date the consolidated financial statements were available to be issued.

MID-ATLANTIC SECURITIES, INC.

Supplemental Schedules of Computation of Net Capital and Aggregate Indebtedness
Under Rule 15c3-1 of the Securities and Exchange Commission

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Net Capital</u>		
Total stockholders' equity	\$ 408,206	365,839
Add:		
Other allowable credits - deferred income taxes payable	<u>1,700</u>	<u>2,250</u>
Total capital and other allowable credits	<u>409,906</u>	<u>368,089</u>
Deduct non-allowable assets:		
Receivable from non-customers and prepaid expenses	36,055	36,675
Furniture and equipment, net	<u>20,412</u>	<u>18,207</u>
	<u>56,467</u>	<u>54,882</u>
Net capital before haircuts on securities positions	<u>353,439</u>	<u>313,207</u>
Haircuts on securities:		
Investment securities - exempted	8,828	5,496
Investment securities - other	<u>1,113</u>	<u>1,123</u>
	<u>9,941</u>	<u>6,619</u>
Net capital	\$ <u><u>343,498</u></u>	<u><u>306,588</u></u>
<u>Aggregate Indebtedness</u>		
Items included in statement of financial condition:		
Accounts payable to non-customers	5,228	5,700
Accrued commissions and other payables	<u>298,900</u>	<u>342,725</u>
	304,128	348,425
Other unrecorded amount-litigation	<u>500,000</u>	<u>500,000</u>
Total aggregate indebtedness	\$ <u><u>804,128</u></u>	<u><u>848,425</u></u>

(Continued)

MID-ATLANTIC SECURITIES, INC.

Supplemental Schedules of Computation of Net Capital and Aggregate Indebtedness
Under Rule 15c3-1 of the Securities and Exchange Commission, Continued

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Computation of Basic Net Capital Requirement</u>		
Minimum net capital required (6-2/3% of aggregate indebtedness)(A)	\$ <u>53,635</u>	<u>56,565</u>
Minimum dollar net capital requirement of reporting broker (B)	\$ <u>50,000</u>	<u>50,000</u>
Net capital requirement-greater of (A) or (B)	\$ <u>53,635</u>	<u>56,565</u>
Excess net capital	\$ <u>289,863</u>	<u>250,023</u>
Excess net capital at 1000% (Net capital less 10% of aggregate indebtedness)	\$ <u>263,085</u>	<u>221,746</u>
Ratio of aggregate indebtedness to net capital	<u>2.34 to 1</u>	<u>2.77 to 1</u>
<u>Reconciliation with Company's Computation</u>		
Net capital, as reported in Company's FOCUS report (unaudited)	\$ 334,598	312,120
Audit adjustments, primarily income taxes	<u>8,900</u>	<u>(5,532)</u>
Net capital per above	\$ <u>343,498</u>	<u>306,588</u>

MID-ATLANTIC SECURITIES, INC.

**Supplemental Schedule of Computation for Determination of Reserve Requirements
Under Rule 15c3-3 of the Securities and Exchange Commission**

December 31, 2011 and 2010

The Company claims exemption from Rule 15c3-3 under paragraph (k)(2)(ii). All customer transactions are cleared through another broker-dealer on a fully disclosed basis.

MID-ATLANTIC SECURITIES, INC.

Supplemental Schedule of Computation and Reconciliation of Net Capital
Under Rule 15c3-3 of the Securities and Exchange Commission

December 31, 2011 and 2010

The Company claims exemption from Rule 15c3-3 in that the Company's activities are limited to those set forth in the conditions for exemption appearing in (k)(2)(ii) of the Rule.

BATCHELOR, TILLERY & ROBERTS, LLP

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 18068

RALEIGH, NORTH CAROLINA 27619

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RALEIGH, NORTH CAROLINA 27612
TELEPHONE (919) 787-8212
FACSIMILE (919) 783-6724

**Independent Auditors' Report on Internal Control
Required by Securities and Exchange Commission Rule 17a-5**

The Board of Directors
Mid-Atlantic Securities, Inc.:

In planning and performing our audit of the consolidated financial statements of Mid-Atlantic Securities, Inc. and subsidiary (the "Company"), as of and for the year ended December 31, 2011 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 consolidated 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 (the "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 accounting principles generally accepted in the United States of America. Rule 17a-5(g) 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 deficiency in internal control 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 and correct 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 entity'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. However, we identified the following deficiencies in internal control that we consider to be material weaknesses, as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures performed in our audit of the consolidated financial statements of Mid-Atlantic Securities, Inc. and subsidiary as of and for the year ended December 31, 2011, and this report does not affect our report thereon dated February 24, 2012.

The size of the business and resultant limited number of employees imposes practical limitations on the effectiveness of those control policies and procedures that depend on the segregation of duties such as processing of cash receipts, cash disbursements, and payroll. Because this condition is inherent in the size of the Company, the specific weaknesses are not described herein and no corrective action has been taken or proposed by the Company.

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 as of December 31, 2011 to meet the SEC's objectives.

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

Batchelor, Jellay & Roberts, LLP

February 24, 2012

BATCHELOR, TILLERY & ROBERTS, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Accountants' Report on Applying Agreed-Upon
Procedures Related to an Entity's SIPC Assessment Reconciliation**

The Board of Directors
Mid-Atlantic Securities, Inc.:

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 on page 20 [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2011, which were agreed to by Mid-Atlantic Securities, Inc. (the "Company"), the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Company's management is responsible for the Company'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-7 with the cash disbursement records entries [Cash Disbursements Journal for July 2011], noting no differences;
- 2) Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2011, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2011, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers [SIPC Report 2011, Commissions by Type and Trial Balance as of December 31, 2011], noting no differences; and
- 4) Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers [SIPC Report 2011 and Commissions by Type] 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.

The Board of Directors

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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.

Batchelor, Jillery & Roberts, LLP

February 24, 2012

MID-ATLANTIC SECURITIES, INC.

Schedule of Assessments and Payments

Year ended December 31, 2011

General assessment for 2011	\$	2,776
Less:		
Payment on July 26, 2011		(1,342)
Payment on February 17, 2012		<u>(1,434)</u>
Balance due on March 1, 2012	\$	<u> -</u>