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

OMB APPROVAL
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8-16750

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 1/01/11 AND ENDING 12/31/11
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

| | |
|--|--|
| NAME OF BROKER-DEALER: AEI SECURITIES, INC. ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) 30 EAST SEVENTH STREET, SUITE 1300 | OFFICIAL USE ONLY FIRM I.D. NO. |
|--|--|

(No. and Street)

SAINT PAUL

MINNESOTA

55101

(City)

(State)

(Zip Code)

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

PATRICK W KEENE/ROBERT P JOHNSON 651-227-7333
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

| | | | |
|--|---|-----------|------------|
| BOULAY, HEUTMAKER, ZIBELL & COMPANY P.L.L.P. 7500 FLYING CLOUD DRIVE SUITE 800 | (Name - if individual, state last, first, middle name) MINNEAPOLIS | MINNESOTA | 55344 |
| (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)*

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 OMB control number.

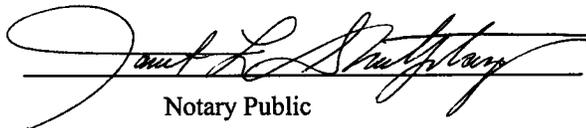
OATH OR AFFIRMATION

I, PATRICK W KEENE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AEI SECURITIES, INC., as of DECEMBER 31, 2011, 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 FINANCIAL OFFICER

Title


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. (Statement of Operations & Retained Earnings)
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors. (1)
- (g) Computation of Net Capital. (3)
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3. (2)
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3. (2)
- (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. (1)
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation. (1)
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report. (1)
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit. (1)
- (o) Internal Control Report

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

- (1) Not Applicable.
- (2) Exemption Under Rule 15c 3-3 (k) (2) (b).
- (3) There Were No Reconciling Items Between The Audited Computation Of Net Capital And The Corresponding Unaudited Focus Report.



Boulay, Heutmaker, Zibell & Co. P.L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Member of
IGAF POLARIS
A Global Association of Independent Firms

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholder of
AEI Securities, Inc.

We have audited the accompanying statement of financial condition of AEI Securities, Inc. (the Company) as of December 31, 2011 and 2010 and the related statements of operations and retained earnings, 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 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 audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 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 AEI Securities, Inc. 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 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.

Boulay, Heutmaker, Zibell & Co. P.L.L.P.
Certified Public Accountants

Minneapolis, Minnesota
February 23, 2012

AEI SECURITIES, INC.
STATEMENT OF FINANCIAL CONDITION

ASSETS

| | <u>December 31,</u> <u>2011</u> | <u>December 31,</u> <u>2010</u> |
|-----------------------------------|------------------------------------|------------------------------------|
| Assets: | | |
| Cash | \$ 439,447 | \$ 364,231 |
| Receivable from Related Companies | 4,607 | 2,745 |
| Miscellaneous Receivable | 2,042 | 0 |
| Prepaid Insurance | <u>2,280</u> | <u>690</u> |
| Total Assets | <u>\$ 448,376</u> | <u>\$ 367,666</u> |

LIABILITIES AND STOCKHOLDER'S EQUITY

| | | |
|---|-------------------|-------------------|
| Liabilities: | | |
| Commissions Payable | \$ 52,931 | \$ 73,294 |
| Payable to Related Companies | <u>6,271</u> | <u>5,957</u> |
| Total Current Liabilities | <u>59,202</u> | <u>79,251</u> |
| Commitments and Contingencies | 0 | 0 |
| Stockholder's Equity: | | |
| Common Stock, no par value; 2,500 shares authorized and issued | 12,500 | 12,500 |
| Additional Paid-In-Capital | 37,500 | 37,500 |
| Retained Earnings | <u>339,174</u> | <u>238,415</u> |
| Total Stockholder's Equity | <u>389,174</u> | <u>288,415</u> |
| Total Liabilities and Stockholder's Equity | <u>\$ 448,376</u> | <u>\$ 367,666</u> |

The accompanying Notes to Financial Statements are an integral part of this statement

AEI SECURITIES, INC.
STATEMENT OF OPERATIONS AND RETAINED EARNINGS

OPERATIONS

| | Year Ended December 31, | |
|----------------------------|--------------------------------|--------------|
| | 2011 | 2010 |
| Revenues: | | |
| Commissions | \$ 1,392,115 | \$ 1,240,454 |
| Interest | 2,126 | 2,595 |
| Total Revenues | 1,394,241 | 1,243,049 |
| Expenses: | | |
| Commissions Reallowed | 1,287,619 | 1,153,849 |
| General and Administrative | 5,863 | 3,665 |
| Total Expenses | 1,293,482 | 1,157,514 |
| Net Income | 100,759 | 85,535 |

RETAINED EARNINGS

| | | |
|-----------------------------------|------------|------------|
| Balance, beginning of year | 238,415 | 202,880 |
| Distributions to Stockholder | 0 | (50,000) |
| Balance, end of year | \$ 339,174 | \$ 238,415 |

The accompanying Notes to Financial Statements are an integral part of this statement

AEI SECURITIES, INC.
STATEMENT OF CASH FLOWS

| | Year Ended December 31, | |
|--|--------------------------------|-------------|
| | 2011 | 2010 |
| Cash Flows from Operating Activities: | | |
| Net Income | \$ 100,759 | \$ 85,535 |
| Adjustments to Reconcile Net Income To Net Cash Provided by Operating Activities: | | |
| Increase in Receivable from Related Companies | (1,862) | (376) |
| (Increase) Decrease in Miscellaneous Receivable | (2,042) | 3,888 |
| (Increase) Decrease in Prepaid Insurance | (1,590) | 1,380 |
| Increase (Decrease) in Commissions Payable | (20,363) | 26,571 |
| Increase (Decrease) in Payable to Related Companies | 314 | (8,300) |
| Total Adjustments | (25,543) | 23,163 |
| Net Cash Provided By Operating Activities | 75,216 | 108,698 |
| Cash Flows from Financing Activities: | | |
| Distributions to Stockholder | 0 | (50,000) |
| Net Increase in Cash | 75,216 | 58,698 |
| Cash, beginning of year | 364,231 | 305,533 |
| Cash, end of year | \$ 439,447 | \$ 364,231 |

The accompanying Notes to Financial Statements are an integral part of this statement

AEI SECURITIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

(1) Summary of Organization and Significant Accounting Policies –

Organization

AEI Securities, Inc. (“Company”) is a licensed broker-dealer under the jurisdiction of the Financial Industry Regulatory Authority (“FINRA”). The Company operates as a wholly owned subsidiary of AEI Capital Corporation (“ACC”). Robert P. Johnson is President of the Company and is the President and majority stockholder of ACC. Mr. Johnson is also the sole stockholder and President of AEI Fund Management, Inc., which provides management services to the Company.

The Company's major source of income is commissions earned on the sale of units in limited partnerships and limited liability companies which have been organized by Mr. Johnson and affiliated entities. Revenue is recognized when the minimum number of units have been accepted under the respective agreements.

Financial Statement Presentation

The accounts of the Company are maintained on the accrual basis of accounting for both federal income tax purposes and financial reporting purposes.

Accounting Estimates

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

Cash Concentrations of Credit Risk

The Company's cash is deposited in one financial institution and at times during the year it may exceed FDIC insurance limits.

Income Taxes

The Company is a qualified subchapter S subsidiary of ACC. As a result, the income of the Company is treated as belonging to the parent corporation, ACC. In general, no recognition has been given to income taxes in the accompanying financial statements. Primarily due to the S Corporation tax status, the Company does not have any significant tax uncertainties that would require recognition or disclosure.

AEI SECURITIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

(2) Related Party Transactions –

The Company and its affiliates have common management and utilize the same facility. As a result, certain general and administrative expenses are allocated among these related companies. The Company is reimbursed for certain general and administrative costs by limited partnerships and limited liability companies whose offering was underwritten by the Company. In 2011 and 2010, these reimbursements totaled \$30,500 and \$20,740, respectively. These costs consisted of license fees, broker bond insurance, FINRA filing costs, professional fees and overhead costs necessary to maintain the Company as a licensed broker-dealer with FINRA.

(3) Net Capital Requirements –

The Company is subject to the Uniform Net Capital Rule (Rule 15c3-1) of the Securities Exchange Act of 1934. This Rule provides that aggregate indebtedness, as defined, may not exceed 15 times net capital, as defined. Alternatively, the Company's net capital may not be less than \$5,000 or 6-2/3% of total aggregate indebtedness, whichever is greater. As of December 31, 2011 and 2010, the Company had adjusted net capital of \$380,245 and \$284,980, respectively, which exceeded the required adjusted net capital by \$375,245 and \$279,697, respectively. As of December 31, 2011 and 2010, the ratio of aggregate indebtedness to net capital was .16 to 1 and .28 to 1, respectively.

(4) Subsequent Events –

The Company has evaluated subsequent events through February 23, 2012, the date that the financial statements were available to be issued. Subsequent events, if any, were disclosed in the appropriate note in the Notes to Financial Statements.

AEI SECURITIES, INC.
COMPUTATION OF RATIO OF
AGGREGATE INDEBTEDNESS TO ADJUSTED
NET CAPITAL (Rule 15c3-1)
DECEMBER 31, 2011

| | |
|---|-------------------|
| Total Assets | \$ 448,376 |
| Less – Aggregate Indebtedness | <u>59,202</u> |
| Unadjusted Capital | 389,174 |
| Adjustments: | |
| Receivable from Related Companies | (4,607) |
| Miscellaneous Receivable | (2,042) |
| Prepaid Insurance | <u>(2,280)</u> |
| Adjusted Net Capital | <u>\$ 380,245</u> |
| Ratio of Aggregate Indebtedness to Adjusted Net Capital | <u>0.16:1</u> |

No reconciliations deemed necessary since no material differences were noted in the computation of net capital. There were no material inadequacies found to exist or to have existed since the previous audit.

See Report of Independent Registered Public Accounting Firm

To the Stockholder of
AEI Securities, Inc.

In planning and performing our audit of the financial statements and supplemental schedule of AEI Securities, Inc. (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 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 previously 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 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 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 previously.

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, 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, Financial Industry Regulatory Authority, 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.


Boulay, Heutmaker, Zibell & Co. P.L.L.P.

Minneapolis, Minnesota
February 23, 2012

FORM X-17A-5

UNITED STATES SECURITIES AND EXCHANGE COMMISSION FOCUS REPORT (FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT) PART IIA 12

(Please read instructions before preparing Form)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a) 16 2) Rule 17a-5(b) 17 3) Rule 17a-11 18 4) Special request by designated examining authority 19 5) Other 26

NAME OF BROKER-DEALER

AEI SECURITIES, INC. 13

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

1300 WELLS FARGO PLACE, 30 SEVENTH STREET EAST 20 (No. and Street)

ST. PAUL 21 MN 22 55101-4901 23 (City) (State) (Zip Code)

SEC. FILE NO.

8-16750 14

FIRM ID NO.

6158 15

FOR PERIOD BEGINNING (MM/DD/YY)

10/01/11 24

AND ENDING (MM/DD/YY)

12/31/11 25

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT (Area code) - Telephone No.

PATRICK W KEENE/ROBERT P JOHNSON 30

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT

32

34

36

38

(651) 227-7333 31

OFFICIAL USE

33

35

37

39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS ? YES 40 NO X 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT 42

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 27th day of FEB. 20 12

Manual Signatures of:

- 1) Principal Executive Officer or Managing Partner 2) Principal Financial Officer or Partner 3) Principal Operations Officer or Partner

ATTENTION - Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78:f (a))

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER

AEI SECURITIES, INC.

as of 12/31/11

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING,
NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS
LIABILITIES AND OWNERSHIP EQUITY

| <u>Liabilities</u> | <u>A.I.</u> <u>Liabilities</u> | <u>Non-A.I.</u> <u>Liabilities</u> | <u>Total</u> |
|--|-----------------------------------|---------------------------------------|-----------------|
| 13. Bank loans payable | \$ 1045 | \$ 1255 | \$ 1470 |
| 14. Payable to brokers or dealers: | | | |
| A. Clearance account | 1114 | 1315 | 1560 |
| B. Other | 52,931 1115 | 1305 | 52,931 1540 |
| 15. Payable to non-customers | 1155 | 1355 | 1610 |
| 16. Securities sold not yet purchased, at market value | | 1360 | 1620 |
| 17. Accounts payable, accrued liabilities, expenses and other | 6,271 1205 | 1385 | 6,271 1685 |
| 18. Notes and mortgages payable: | | | |
| A. Unsecured | 1210 | | 1690 |
| B. Secured | 1211 | 1390 | 1700 |
| 19. Liabilities subordinated to claims of general creditors: | | | |
| A. Cash borrowings: | | | |
| 1. from outsiders \$ | 970 | | 1710 |
| 2. Includes equity subordination (15c3-1(d)) of | 980 | | |
| B. Securities borrowings, at market value from outsiders \$ | | 1410 | 1720 |
| C. Pursuant to secured demand note collateral agreements | | 1420 | 1730 |
| 1. from outsiders \$ | 1000 | | |
| 2. includes equity subordination (15c3-1(d)) of | 1010 | | |
| D. Exchange memberships contributed for use of company, at market value | | 1430 | 1740 |
| E. Accounts and other borrowings not qualified for net capital purposes | 1220 | 1440 | 1750 |
| 20. TOTAL LIABILITIES | \$ 59,202 1230 | \$ 1450 | \$ 59,202 1760 |
| <u>Ownership Equity</u> | | | |
| 21. Sole proprietorship | | | \$ 1770 |
| 22. Partnership (limited partners) | 1020 | | 1780 |
| 23. Corporation: | | | |
| A. Preferred stock | | | 1791 |
| B. Common stock | | 12,500 | 1792 |
| C. Additional paid-in capital | | 37,500 | 1793 |
| D. Retained earnings | | 339,174 | 1794 |
| E. Total | | 389,174 | 1795 |
| F. Less capital stock in treasury | | (1796) | 1796 |
| 24. TOTAL OWNERSHIP EQUITY | | | \$ 389,174 1800 |
| 25. TOTAL LIABILITIES AND OWNERSHIP EQUITY | | | \$ 448,376 1810 |

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER

AEI SECURITIES, INC.

as of

12/31/11

COMPUTATION OF NET CAPITAL

| | | | |
|--|----|-----------|-----------------|
| 1. Total ownership equity from Statement of Financial Condition | \$ | 389,174 | <u>3480</u> |
| 2. Deduct ownership equity not allowable for Net Capital | | | (<u>3490</u>) |
| 3. Total ownership equity qualified for Net Capital | | 389,174 | <u>3500</u> |
| 4. Add: | | | |
| A. Liabilities subordinated to claims of general creditors allowable in computation of net capital | | | <u>3520</u> |
| B. Other (deductions) or allowable credits (List) | | | <u>3525</u> |
| 5. Total capital and allowable subordinated liabilities | \$ | 389,174 | <u>3530</u> |
| 6. Deductions and/or charges: | | | |
| A. Total non-allowable assets from | | | |
| Statement of Financial Condition (Notes B and C) | \$ | 8,929 | <u>3540</u> |
| B. Secured demand note deficiency | | | <u>3590</u> |
| C. Commodity futures contracts and spot commodities- proprietary capital charges | | | <u>3600</u> |
| D. Other deductions and/or charges | | | <u>3610</u> |
| | | (8,929) | <u>3620</u> |
| 7. Other additions and/or allowable credits (List) | | | <u>3630</u> |
| 8. Net Capital before haircuts on securities positions | \$ | 380,245 | <u>3640</u> |
| 9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)) : | | | |
| A. Contractual securities commitments | \$ | | <u>3660</u> |
| B. Subordinated securities borrowings | | | <u>3670</u> |
| C. Trading and investment securities: | | | |
| 1. Exempted securities | | | <u>3735</u> |
| 2. Debt securities | | | <u>3733</u> |
| 3. Options | | | <u>3730</u> |
| 4. Other securities | | | <u>3734</u> |
| D. Undue concentration | | | <u>3650</u> |
| E. Other (List) | | | <u>3736</u> |
| | | | (<u>3740</u>) |
| 10. Net Capital | \$ | 380,245 | <u>3750</u> |

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER

AEI SECURITIES, INC.

as of 12/31/11

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

| | | | |
|---|----|---------|------|
| 11. Minimum net capital required (6-2/3% of line 19) | \$ | 3,947 | 3756 |
| 12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) | \$ | 5,000 | 3758 |
| 13. Net capital requirement (greater of line 11 or 12) | \$ | 5,000 | 3760 |
| 14. Excess net capital (line 10 less 13) | \$ | 375,245 | 3770 |
| 15. Net capital less greater of 10% of line 19 or 120% of line 12 | \$ | 374,245 | 3780 |

COMPUTATION OF AGGREGATE INDEBTEDNESS

| | | | |
|--|----|--------|------|
| 16. Total A.I. liabilities from Statement of Financial Condition | \$ | 59,202 | 3790 |
| 17. Add: | | | |
| A. Drafts for immediate credit | \$ | 3800 | |
| B. Market value of securities borrowed for which no equivalent value is paid or credited | \$ | 3810 | |
| C. Other unrecorded amounts (List) | \$ | 3820 | 3830 |
| 19. Total aggregate indebtedness | \$ | 59,202 | 3840 |
| 20. Percentage of aggregate indebtedness to net capital (line 19 divided by line 10) | % | 15.57 | 3850 |
| 21. Percentage of debt to debt-equity total computed in accordance with Rule 15c-3-1(d) | % | 0.00 | 3860 |

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

| | | |
|--|----|------|
| 22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of net capital computation including both brokers or dealers and consolidated subsidiaries' debits | \$ | 3870 |
| 23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) | \$ | 3880 |
| 24. Net capital requirement (greater of line 22 or 23) | \$ | 3760 |
| 25. Excess net capital (line 10 less 24) | \$ | 3910 |
| 26. Net capital in excess of the greater of: | | |
| 5% of combined aggregate debit items or 120% of minimum net capital requirement | \$ | 3920 |

NOTES:

(A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:

1. Minimum dollar net capital requirement, or
2. 6-2/3% of aggregate indebtedness or 4% of aggregate debits if alternative method is used.

(B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of the memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.

(C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

| |
|-------------------------|
| BROKER OR DEALER |
| AEI SECURITIES, INC. |

For the period (MMDDYY) from 10/01/11 3932 to 12/31/11 3933
 Number of months included in this statement 3 3931

REVENUE **STATEMENT OF INCOME (LOSS)**

| | | | |
|---|-------|---------|--------------|
| 1. Commissions: | | | |
| a. Commissions on transactions in exchange listed equity securities executed on an exchange | ..... | \$ | 3935 |
| b. Commissions on listed option transactions | ..... |  | 3938 |
| c. All other securities commissions | ..... |  | 3939 |
| d. Total securities commissions | ..... |  | 3940 |
| 2. Gains or losses on firm securities trading accounts | | | |
| a. From market making in options on a national securities exchange | ..... |  | 3945 |
| b. From all other trading | ..... |  | 3949 |
| c. Total gain (loss) | ..... |  | 3950 |
| 3. Gains or losses on firm securities investment accounts | ..... |  | 3952 |
| 4. Profits (losses) from underwriting and selling groups | ..... | 395,996 | 3955 |
| 5. Revenue from sale of investment company shares | ..... |  | 3970 |
| 6. Commodities revenue | ..... |  | 3990 |
| 7. Fees for account supervision, investment advisory and administrative services | ..... |  | 3975 |
| 8. Other revenue | ..... | 396 | 3995 |
| 9. Total revenue | ..... | \$ | 396,392 4030 |

EXPENSES

| | | | |
|--|-------|---------|--------------|
| 10. Salaries and other employment costs for general partners and voting stockholder officers | ..... |  | 4120 |
| 11. Other employee compensation and benefits | ..... |  | 4115 |
| 12. Commissions paid to other brokers-dealers | ..... | 369,091 | 4140 |
| 13. Interest expense | ..... |  | 4075 |
| a. Includes interest on accounts subject to subordination agreements | ..... | 4070 | |
| 14. Regulatory fees and expenses | ..... |  | 4195 |
| 15. Other expenses | ..... | 889 | 4100 |
| 16. Total expenses | ..... | \$ | 369,980 4200 |

NET INCOME

| | | | |
|---|-------|------|-------------|
| 17. Net Income (loss) before Federal income taxes and items below (Item 9 less Item 16) | ..... | \$ | 26,412 4210 |
| 18. Provision for Federal income taxes (for parent only) | ..... |  | 4220 |
| 19. Equity in earnings (losses) of unconsolidated subsidiaries not included above | ..... |  | 4222 |
| a. After Federal income taxes of | ..... | 4238 | |
| 20. Extraordinary gains (losses) | ..... |  | 4224 |
| a. After Federal income taxes of | ..... | 4239 | |
| 21. Cumulative effect of changes in accounting principles | ..... |  | 4225 |
| 22. Net income (loss) after Federal income taxes and extraordinary items | ..... | \$ | 26,412 4230 |

MONTHLY INCOME

| | | | |
|---|-------|--|------------|
| 23. Income (current month only) before provision for Federal Income taxes and extraordinary items | | | 6,136 4211 |
|---|-------|--|------------|

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER
AEI SECURITIES, INC.

For the period (MMDDYY) from 10/01/11 to 12/31/11

STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

| | | | |
|---|----|---------|--------|
| 1. Balance, beginning of period | \$ | 362,762 | 4240 |
| A. Net income (loss) | | 26,412 | 4250 |
| B. Additions (includes non-conforming capital of | \$ | 4262 |) 4260 |
| C. Deductions (includes non-conforming capital of | \$ | 4272 |) 4270 |
| 2. Balance, end of period (from item 1800) | \$ | 389,174 | 4290 |

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS

| | | | |
|--|----|------|------|
| 3. Balance, beginning of period | \$ | 4300 | 4300 |
| A. Increases | | | 4310 |
| B. Decreases | | | 4320 |
| 4. Balance, end of period (from item 3520) | \$ | | 4330 |

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

| | |
|---|-----------------------|
| BROKER OR DEALER AEI SECURITIES, INC. | as of <u>12/31/11</u> |
|---|-----------------------|

Exemptive Provision Under Rule 15c3-3

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based :

- A. (k) (1) - Limited business (mutual funds and/or variable annuities only) \$ X 4550
- B. (k) (2) (i) - "Special Account for the Exclusive Benefit of customers" maintained 4560
- C. (k) (2) (ii) - All customer transactions cleared through another broker-dealer on a fully disclosed basis.
 Name(s) of Clearing Firm(s) - Please separate multiple names with a semi-colon
 _____ 4335 4570
- D. (k) (3) - Exempted by order of the Commission 4580

**Ownership Equity and Subordinated Liabilities maturing or proposed to be
withdrawn within the next six months and accruals, (as defined below),
which have not been deducted in the computation of Net Capital.**

| Type of Proposed Withdrawal or Accrual (See below for code to enter) | Name of Lender or Contributor | Insider or Outsider ? (In or Out) | Amount to be with- drawn (cash amount and/or Net Capital Value of Securities) | (MMDDYY) Withdrawal or Maturity Date | Expect to Renew (Yes or No) | | | | | |
|--|-------------------------------|---|--|---|--------------------------------------|------|-------------|------|--|------|
| 4600 | | 4601 | | 4602 | | 4603 | | 4604 | | 4605 |
| 4610 | | 4611 | | 4612 | | 4613 | | 4614 | | 4615 |
| 4620 | | 4621 | | 4622 | | 4623 | | 4624 | | 4625 |
| 4630 | | 4631 | | 4632 | | 4633 | | 4634 | | 4635 |
| 4640 | | 4641 | | 4642 | | 4643 | | 4644 | | 4645 |
| 4650 | | 4651 | | 4652 | | 4653 | | 4654 | | 4655 |
| 4660 | | 4661 | | 4662 | | 4663 | | 4664 | | 4665 |
| 4670 | | 4671 | | 4672 | | 4673 | | 4674 | | 4675 |
| 4680 | | 4681 | | 4682 | | 4683 | | 4684 | | 4685 |
| 4690 | | 4691 | | 4692 | | 4693 | | 4694 | | 4695 |
| TOTAL | | | | | | \$ | 4699 | | | |

OMIT PENNIES

Instructions: Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c) (2) (iv)), which could be required by the lender on demand or in less than six months.

| | |
|------------------|--------------------------------|
| WITHDRAWAL CODE: | DESCRIPTION |
| 1. | Equity Capital |
| 2. | Subordinated Liabilities |
| 3. | Accruals |
| 4. | 15c3-1(c) (2) (iv) Liabilities |

SIPC-7

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION
P.O. Box 92185 Washington, D.C. 20090-2185
202.371-8300

General Assessment Reconciliation

SIPC-7

(33-REV 7/10)

For the fiscal year ended _____, 20____
(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:

016750 FINRA DEC
AEI SECURITIES INC 18*18
1300 WELLS FARGO PLACE
30 7TH ST E
SAINT PAUL MN 55101-4914

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.

PATRICK W KEENE 651-227-7333

- 2. A. General Assessment (item 2e from page 2) \$ 267
- B. Less payment made with SIPC-6 filed (exclude interest) (141)
- 7/18/11
Date Paid
- C. Less prior overpayment applied (0)
- D. Assessment balance due or (overpayment) 126
- E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum 0
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 126
- G. PAID WITH THIS FORM:
Check enclosed, payable to SIPC
Total (must be same as F above) \$ 126
- H. Overpayment carried forward \$(0)

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.

AEI SECURITIES Inc
(Name of Corporation, Partnership or other organization)
[Signature]
(Authorized Signature)
CHIEF FINANCIAL OFFICER
(Title)

Dated the 27th day of FEB., 20 12

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 1/1, 2011
and ending 12/31, 2011

Item No.

Eliminate cents

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

\$ 1,394,241

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

0

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):

1,287,619

(Deductions in excess of \$100,000 require documentation)

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

\$ _____

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

Total deductions

1,287,619

2d. SIPC Net Operating Revenues

\$ 106,622

2e. General Assessment @ .0025

\$ 267

(to page 1, line 2.A.)



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

Board of Directors
AEI Securities, Inc.
Saint Paul, Minnesota

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 [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 AEI Securities, Inc. (the Company) 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 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 these 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 respective cash disbursement records entries in the check register noting no differences;
2. Compared the amounts of 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 of income and expense, including monthly internal comparative income statements, for the year ending December 31, 2011 noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers of income and expense, including monthly internal comparative income statements, for the year ended December 31, 2011 supporting the adjustments noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, 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 did 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.

We have no responsibility to update this report for events or circumstances occurring after the date of this report. 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.

Boddy, Heutmaker, Zibell & Co P.C.C.P.
Certified Public Accountants

Minneapolis, Minnesota
February 23, 2012