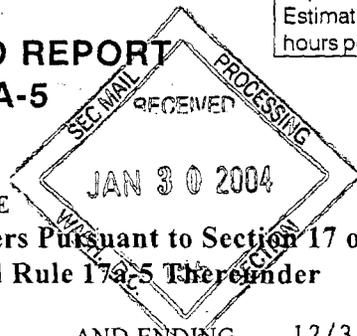




SECURITIES 04002804 SION
Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2004
Estimated average burden
hours per response..... 12.00

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



SEC FILE NUMBER
8- 51389

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

REPORT FOR THE PERIOD BEGINNING 1/1/03 AND ENDING 12/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: AVIAN SECURITIES, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

100 BOYLSTON STREET, 4TH FLOOR
(No. and Street)

BOSTON MA 02116
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
AVI COHEN (617) 988-8151
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

GOSULE, BUTKUS & JESSON, LLP
(Name - if individual, state last, first, middle name)

480 ADAMS STREET MILTON MA 02186
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

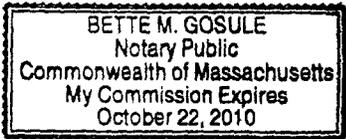
PROCESSED
MAR 09 2004
THOMSON FINANCIAL

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, AVI COHEN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AVIAN SECURITIES, LLC, as of DECEMBER 31, 2003, 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]

Signature

MANAGING PARTNER

Title

Bette M. Gosule
Notary Public

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 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).

AVIAN SECURITIES, LLC
YEAR ENDED DECEMBER 31, 2003

Avian Securities, LLC.
(SEC I.D. No. 8/51389)

**Independent Auditor's Report and Supplemental
Report on Internal Control**

Financial Statements and Supplemental Schedule
Year Ended December 31, 2003

Filed Pursuant to Rule 17a-5(e)(3) as a Public Document

AVIAN SECURITIES, LLC
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2003

AVIAN SECURITIES, LLC
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2003
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Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934	11



Gosule, Butkus & Jesson, LLP

CERTIFIED PUBLIC ACCOUNTANTS
480 Adams Street • Milton, MA 02186
617.698.3950 • Fax 617.696.1596

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Avian Securities, LLC
100 Boylston Street
Boston, Massachusetts 02116

We have audited the accompanying statement of financial condition of Avian Securities, LLC as of December 31, 2003 and the related statements of operations, change in members' equity, and cash flows for the year then ended, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Avian Securities, LLC at December 31, 2003, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in The United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule of computation of net capital pursuant to Rule 15c3-1 as of December 31, 2003 is presented for the purpose 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. This schedule is the responsibility of the company's management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Gosule, Butkus & Jesson, LLP

Gosule, Butkus & Jesson, LLP
Certified Public Accountants

Milton, Massachusetts
January 16, 2004

AVIAN SECURITIES, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2003

ASSETS

Current assets:

Cash	\$ 1,413,491
Receivables from clearing organization	259,469
Prepaid expenses	<u>8,984</u>
Total current assets	<u>1,681,944</u>

Office equipment and fixtures:

Office equipment and fixtures	125,009
Less: accumulated depreciation	<u>69,810</u>
Total office equipment and fixtures	<u>55,199</u>

Other assets:

Certificate of deposit	155,571
Security deposit	45,700
Due from members	<u>5</u>
Total other assets	<u>201,276</u>

\$ 1,938,419

LIABILITIES AND MEMBERS' EQUITY

Current liabilities:

Accounts payable and accrued expenses	\$ <u>465,795</u>
Total current liabilities	<u>465,795</u>

Members' equity:

Members' equity, end of year	<u>1,472,624</u>
Total members' equity	<u>1,472,624</u>

\$ 1,938,419

See accompanying auditor's report and notes.

AVIAN SECURITIES, LLC
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2003

Income:	
Commissions	\$ 8,425,259
Miscellaneous income	<u>5,475</u>
Total income	<u>8,430,734</u>
Operating expenses:	
Payroll, commissions, and related expenses	3,354,065
Brokerage expense and clearing fees	1,189,718
Professional fees	287,065
Communication expenses	271,332
Occupancy and office supplies	372,012
Depreciation	27,402
Other operating expenses	<u>672,736</u>
Total operating expenses	<u>6,174,330</u>
Income before provision for income taxes	2,256,404
Provision for income taxes	<u>51,285</u>
Net income	<u>\$ 2,205,119</u>

See accompanying auditor's report and notes.

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AVIAN SECURITIES, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
YEAR ENDED DECEMBER 31, 2003

Balance, beginning of year	\$ -
Add:	
Contributions	767,869
Net income	<u>2,205,119</u>
Total	<u>2,972,988</u>
Less: Distributions	<u>1,500,364</u>
Balance, end of year	<u>\$ 1,472,624</u>

See accompanying auditor's report and notes.

**AVIAN SECURITIES, LLC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2003**

Cash flows from operating activities:	
Net income	\$ 2,205,119
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	27,402
Loss on abandonment of fixed assets	2,209
Change in:	
Receivable from clearing organization	259,469
Prepaid expenses	8,984
Accrued expenses	465,795
Security deposit	<u>< 45,700></u>
Net cash provided by operating activities	<u>2,386,012</u>
Cash flows from investing activities:	
Certificate of deposit	<u>< 155,571></u>
Purchase of office equipment and fixtures	<u>< 45,029></u>
Due from members	<u>< 5></u>
Net cash used by investing activities	<u>< 200,605></u>
Cash flows from financing activities:	
Contributions by members	728,448
Distributions to members	<u>< 1,500,364></u>
Net cash used by financing activities	<u>< 771,916></u>
Net increase in cash	1,413,491
Cash, beginning of year	<u> -</u>
Cash, end of year	<u>\$ 1,413,491</u>
Supplemental disclosures of cash flows:	
Cash paid for income taxes	<u><u>\$ 11,122</u></u>

See accompanying auditor's report and notes.

AVIAN SECURITIES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of business

Avian Securities, LLC (“the Company”) is engaged in buying and selling securities for a diverse group of investors. The Company introduces these transactions for clearance and execution services to Pershing, LLC (“Pershing”), a New York Stock Exchange member firm, on a fully disclosed basis. The Company’s business and results of operations are, to some extent, dependent on investment trends of the United States economy.

The agreements between the Company and Pershing provide that the Company is obligated to assume any exposure related to nonperformance by its customers. The Company monitors its customer activity by reviewing information it receives from Pershing on a daily basis, requiring customers to deposit additional collateral or reduce positions when necessary, and reserving for doubtful accounts when necessary.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Receivable from clearing organization

The Company uses the specific identification method of accounting for losses arising from uncollectible receivable from clearing organizations. Under this method, receivable from clearing organization is written off to bad debt expense in the period it is deemed to be uncollectible. In the opinion of management, substantially all of the receivable from clearing organization is considered to be realizable at the amounts stated in the accompanying statement of financial condition and no allowance for doubtful accounts is considered necessary.

AVIAN SECURITIES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Office equipment and fixtures

Office equipment and fixtures are capitalized at cost. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The related useful lives of the assets are:

Computer equipment	3 years
Computer software	3 years
Furniture	5 years
Telephone equipment	5 years

Revenue recognition

The Company follows the practice of accounting for securities transactions on a trade-date basis and the related income on a settlement-date basis, generally the third business day following the trade date. This practice does not produce results which are materially different from those which would be reported by accounting for the results on a trade-date basis.

Income taxes

The Company and its members have elected to be taxed as a partnership. No provision has been provided for federal income taxes in the financial statements, as all income of the Company is taxed directly to the members. Some local tax legislation requires that a portion of the local income tax liability relating to the Company's income be assessed at the company level; therefore, a local tax liability has been accrued for financial statements purposes.

AVIAN SECURITIES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 2 - CONCENTRATION OF RISK

Cash balances

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Receivables and customers

One clearing organization accounted for 99% of the outstanding balance at December 31, 2003. Such item was fully collected in January, 2004.

NOTE 3 - MEMBERS' EQUITY

As a result of the Company's election to be treated as a partnership for tax purposes, taxable income for the year ended December 31, 2003 has been allocated to a members' capital account.

Avian Securities, LLC is the successor entity to Avian Securities, Inc. (an "S" Corporation), which liquidated on January 1, 2003 and distributed its assets of \$767,864 to its stockholder. The assets were subsequently transferred to Avian Securities, LLC on January 1, 2003, and supplemented at that time by an additional contribution of \$5 by members. Total capital contributed on January 1, 2003 was \$767,869.

NOTE 4 - COMMITMENTS AND CONTIGENCIES

Leases

The Company leases various office spaces that are being properly classified as operating leases. These leases have various terms that run through August, 2007. The Company has recorded office rental expense for the year ended December 31, 2003 of \$322,357.

AVIAN SECURITIES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 4 - COMMITMENTS AND CONTIGENCIES (continued)

Leases (continued)

The following represents the minimum lease payments due for each of the next four years.

<u>Year ending December 31,</u>	<u>Office space</u>
2004	\$ 332,922
2005	343,254
2006	352,110
2007	<u>203,244</u>
	<u>\$ 1,231,530</u>

Letter of credit

On September 5, 2003, the Company secured an Irrevocable Standby Letter of Credit from Fleet Bank in the amount of \$155,412 as required in a lease agreement for office space. The Company is required to maintain a deposit account of \$155,412 at Fleet Bank until expiration of the letter of credit on September 1, 2007.

NOTE 5 - NET CAPITAL REQUIREMENTS

As a broker/dealer, the Company is subject to the Securities and Exchange Commission's regulations and operating guidelines, including Rule 15c3-1, which requires the Company to maintain a specified amount of capital, as defined, and a ratio of aggregate indebtedness, as defined, to net capital not exceeding 15 to 1. The Company's net capital, as computed pursuant to Rule 15c3-1, was \$1,202,130 at December 31, 2003, which was greater than required net capital of \$100,000 by \$1,102,130. The ratio of aggregate indebtedness to net capital at December 31, 2003 was .39 to 1.

AVIAN SECURITIES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 6 - DEPOSITS WITH CLEARING BROKER

The amount that the Company has on deposit with clearing broker at December 31, 2003, consists of the following:

	<u>Financial Statement Classification</u>	<u>Carrying Amount</u>
Pershing, LLC	Cash	<u>\$ 251,795</u>

NOTE 7 - RELATED PARTIES

Included in payroll, commissions, and related expenses is \$627,289 paid to Avian Research, LLC for research purchased by the Company. All transactions took place at arm's length and in the ordinary course of business.

NOTE 8 - LOANS TO MEMBERS

The members receives advances from the Company. Scheduled repayment has not been set. The amount outstanding at December 31, 2003 is \$5.

NOTE 9 - DEPRECIATION

Depreciation expense for the year ended December 31, 2003 was \$27,402.

NOTE 10 - EXEMPTION FROM RULE 15c3-3

The Company claims an exemption from Rule 15c3-3 of the Securities Exchange Act of 1934 under Section K(2)(ii), as all customer transactions are cleared through another broker on a fully disclosed basis. As a result, there were no reserve requirements.

NOTE 11 - SUBSEQUENT EVETS

In January, 2004, various members of the Company received distributions totaling \$751,280.

SUPPLEMENTARY INFORMATION

AVIAN SECURITIES, LLC
COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1
YEAR ENDED DECEMBER 31, 2003

Capital - members' equity	\$ 1,472,624
Deductions - non-allowance items	<u>270,494</u>
Net capital	<u>\$ 1,202,130</u>
Total aggregate indebtedness	<u>\$ 465,795</u>
Minimum net capital requirement of broker/dealer (The greater of 6-2/3% of aggregate indebtedness, as defined, or \$100,000)	<u>\$ 100,000</u>
Excess net capital	<u>\$ 1,102,130</u>
Ratio of aggregate indebtedness to net capital	<u>0.39 to 1</u>

Note: there is no difference between the net capital computation above and that per the unaudited FOCUS report.

See accompanying auditor's report.



Gosule, Butkus & Jesson, LLP

CERTIFIED PUBLIC ACCOUNTANTS

480 Adams Street • Milton, MA 02186

617.698.3950 • Fax 617.696.1596

January 16, 2004

Mr. Avi Cohen
Avian Securities, LLC
100 Boylston Street, 4th Floor
Boston, Massachusetts 02116

In planning and performing our audit of the financial statements of Avian Securities, LLC (“the Company”) for the year ended December 31, 2003, on which we have issued our report dated January 16, 2004, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the Company’s internal control.

Also, as required by Rule 17a-5(g)(1) under the Securities Exchange Act of 1934, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by the Company that we considered relevant to the objectives stated in Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

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 internal control and of the practices and procedures, and to assess whether those practices and procedures can be expected to achieve the Securities and Exchange Commission’s (“the Commission”) 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 the assets for which the Company has responsibility are safeguarded against loss from unauthorized acquisition, 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 any internal control or practices and procedures referred to above, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control or such practices and procedures to future period is subject to the risk that they may become inadequate because of changes in conditions or that the degree of compliance with the policies and procedures may deteriorate.

Our consideration of the Company's internal control would not necessarily disclose all matters in the Company's internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the Company's internal control and its operations, including control activities for safeguarding securities, that we consider to be material weakness 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 Commission 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 were adequate at December 31, 2003 to meet the Commission's objectives.

This report is intended solely for the information and use of the director, management, the Securities and Exchange Commission, the National Association of Securities Dealers, 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.

Sincerely yours,

Gosule, Butkus & Jesson, LLP

Gosule, Butkus & Jesson, LLP
Certified Public Accountants

Accepted:

By: 

Date: 1/29/04

-2-