

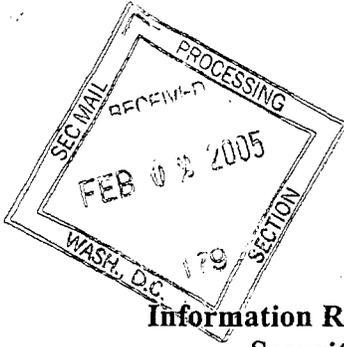


05035610

SE Washington, D.C. 20549 MISSION

CM  
2/7

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	January 31, 2007
Estimated average burden hours per response.....	12.00



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

SEC FILE NUMBER
8-53590

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 01/01/04 AND ENDING 12/31/04  
MM/DD/YY MM/DD/YY

### A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Fitzmaurice Investment Management Services, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

11 Penn Plaza

(No. and Street)

New York

(City)

NY

(State)

10001

(Zip Code)

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

Michael Messina

(212) 290-7676

(Area Code - Telephone Number)

### B. ACCOUNTANT IDENTIFICATION

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

Massella & Associates, CPA, PLLC

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

485 Underhill Blvd.

(Address)

Syosset

(City)

NY

(State)

11791

(Zip Code)

CHECK ONE:

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

PROCESSED  
FEB 08 2005

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)

SEC 1410 (06-02)

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

OATH OR AFFIRMATION

I, Michael Messina, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Fitzmaurice Investment Management Services, LLC, as of December 31, 2004, 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:

Michael Messina  
Signature  
CFO & FINOP  
Title

Michelle Pesce  
Notary Public

MICHELLE PESCE  
NOTARY PUBLIC OF NEW JERSEY  
MY COMMISSION EXPIRES JUNE 8, 2006

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).

**FITZMAURICE INVESTMENT MANAGEMENT  
SERVICES, LLC**

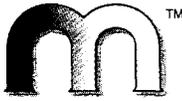
**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2004**

---

**FITZMAURICE INVESTMENT MANAGEMENT  
SERVICES, LLC  
INDEX TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Page Number</u>
Independent Auditors' Report	1
Statement of Financial Condition	2
Statement of Operations	3
Statement of Changes in Member's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 7
Supplementary Information	
Schedule of Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission	9



**MASSELLA & ASSOCIATES, CPA, PLLC**

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Member of:  
Fitzmaurice Investment Management Services, LLC  
New York, New York

We have audited the accompanying statement of financial condition of Fitzmaurice Investment Management Services, LLC (the "Company") as of December 31, 2004, and the related statement of operations, changes in member's 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, based on our audit, the financial statements referred above present fairly, in all material respects, the financial position of the Company as of December 31, 2004, 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 schedule of computation of net capital 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.

**MASSELLA & ASSOCIATES, CPA, PLLC**

Syosset, New York

January 19, 2005

**FITZMAURICE INVESTMENT MANAGEMENT SERVICES, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2004**

**ASSETS**

Current Assets:	
Cash	\$ 392,456
Commissions and fees receivable, net of allowance for doubtful accounts of \$20,000	<u>33,497</u>
Total Assets	<u><u>\$ 425,953</u></u>

**LIABILITIES AND MEMBER'S EQUITY**

Liabilities:	
Accrued expenses	\$ 15,000
Due to affiliate	<u>51,602</u>
Total Liabilities	66,602
Member's equity	<u>359,351</u>
Total Liabilities and Member's equity	<u><u>\$ 425,953</u></u>

See notes to financial statements.

**FITZMAURICE INVESTMENT MANAGEMENT SERVICES, LLC**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

Revenues:

Commission and fee income	\$ 774,512
Interest income	202
Total revenues	<u>774,714</u>

Expenses:

Compensation and benefits	464,835
General and administrative	127,464
Total expenses	<u>592,299</u>

Net income	<u>\$ 182,415</u>
------------	-------------------

See notes to financial statements.

**FITZMAURICE INVESTMENT MANAGEMENT SERVICES, LLC  
STATEMENT OF CHANGES IN MEMBER'S EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2004**

Member's equity at December 31, 2003	\$ 176,936
Net income	<u>182,415</u>
Member's equity at December 31, 2004	<u><u>\$ 359,351</u></u>

See notes to financial statements.

**FITZMAURICE INVESTMENT MANAGEMENT SERVICES, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

Cash flows from operating activities:	
Net income	\$ 182,415
Adjustments to reconcile net income to net cash provided by operating activities:	
Decrease in accounts receivable	32,401
Decrease in accrued expenses	(3,514)
Increase in due to affiliate	36,097
Net cash provided by operating activities	<u>247,399</u>
Net increase in cash	247,399
Cash, beginning of year	<u>145,057</u>
Cash, end of year	<u><u>\$ 392,456</u></u>
Supplemental disclosure of cash flow information	
cash paid during the year for:	
Interest	<u>\$ -</u>
Income taxes	<u>\$ -</u>

See notes to financial statements.

**FITZMAURICE INVESTMENT MANAGEMENT SERVICES, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE 1 - ORGANIZATION AND NATURE OF BUSINESS**

Fitzmaurice Investment Management Services, LLC (the "Company") is a Delaware limited liability company, which became registered as a broker-dealer on April 23, 2002. The Company primarily provides qualified retirement plan asset management advisory/brokerage services to mid-sized companies.

The Company is a wholly owned subsidiary of Fitzmaurice Companies, Inc. ("FCI"). In May 2004, FCI and its subsidiaries were sold, intact, to an insurance company organized under the laws of State of New Jersey.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) Cash and cash equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with maturity dates of three months or less to be cash equivalents.

b) Commissions and fees receivable

The company utilizes the allowance method for recognizing the collectibility of its commissions and fees receivable. The allowance method recognizes bad debt expense based on a review of the individual accounts outstanding based on the surrounding facts. As of December 31, 2004, an allowance of \$20,000 was deemed necessary by management.

c) Income taxes

The Company is a single member limited liability company and files a consolidated federal, state, and local income tax return with FCI, and accordingly, no provision for federal, state, or local income taxes has been included in the financial statements.

d) Revenue recognition

Revenue consists primarily of commissions and fees earned from financial service or investment companies based on service fees or investment contributions payable to them from entities for which the Company provides consulting services. Commission revenue is recognized during the policy or contract period based on estimated premiums, service fees or investment contributions payable to the financial service or investment companies by the Company's clients. Revenue also includes fees for consulting services, which are recognized when earned.

e) Expense sharing agreement

The Company has an expense sharing arrangement with an affiliate, Fitzmaurice & Company, LLC ("F&C"), a wholly owned subsidiary of FCI. The agreement stipulates that the Company is responsible for payment of all regulatory related expenses including, but not limited to, National Association of Securities Dealers ("NASD") membership and assessment fees, auditing fees and NASD registration fees related to the Company's employees. Expenses that are nonregulatory in nature are paid by F&C and allocated (Note 3) to the Company. These expenses include, but not limited to, compensation and benefits, rent, insurance and other administrative costs. F&C is responsible for the payment of any and all income taxes.

**FITZMAURICE INVESTMENT MANAGEMENT SERVICES, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (cont'd)**

f) Management's use of estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles in the United States of America. 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 vary from the estimates that were used.

g) Fair value disclosure as of December 31, 2004

The carrying value of cash, commissions and fees receivable, and accrued expenses, are a reasonable estimate of their fair value.

h) Concentration of credit risk

At certain points in time, the Company maintains cash balances at one financial institution in New York City, in excess of amounts insured by the Federal Deposit Insurance Corporation.

**NOTE 3 - DUE TO AFFILIATE AND RELATED PARTY TRANSACTIONS**

In connection with the expense sharing agreement described in Note 2(d), F&C allocated expenses totaling \$570,602 to the Company during 2004. At December 31, 2004, \$51,602 is due to F&C for allocated expenses.

**NOTE 4 - NET CAPITAL REQUIREMENTS**

The Company is a registered broker-dealer and is subject to the Securities and Exchange Commission ("SEC") Uniform Net Capital Rule (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. At December 31, 2004, the Company had net capital of \$325,854, which was \$320,854 in excess of its required minimum net capital. The Company's ratio of aggregate indebtedness to net capital ratio was 5 to 1.

**NOTE 5 - MAJOR CUSTOMERS**

At December 31, 2004, two companies accounted for 63% (14 clients) and 26% (4 clients) of accounts receivable.

For the year ended December 31, 2004, three companies accounted for 33% (18 clients), 29% (5 clients), and 9% (3 clients) of total revenue.

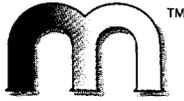
**SUPPLEMENTARY INFORMATION**

**FITZMAURICE INVESTMENT MANAGEMENT SERVICES, LLC**  
**SCHEDULE OF COMPUTATION OF NET CAPITAL**  
**DECEMBER 31, 2004**

Total member's equity	\$ 359,351
Deductions:	
Commissions and fees receivable	<u>33,497</u>
Net capital	<u>\$ 325,854</u>
Aggregate indebtedness:	
Accrued expenses	\$ 15,000
Due to affiliate	<u>51,602</u>
	<u>\$ 66,602</u>
Percentage of aggregate indebtedness to net capital	<u>20 %</u>
Minimum capital required	<u>\$ 5,000</u>
Net capital in excess of minimum requirements	<u>\$ 320,854</u>

No material difference exists between this computation and the corresponding computation included in the Company's unaudited FOCUS Report Part IIA filing as of December 31, 2004.

See Independent Auditors' Report.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
REQUIRED BY SEC RULE 17a-5**

To the Member  
Fitzmaurice Investment Management Services, LLC  
New York, New York

In planning and performing our audit of the financial statements and supplemental schedule of computation of net capital of Fitzmaurice Investment Management Services, LLC (the "Company") for the year ended December 31, 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 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 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 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.
- [2] Recordation of differences required by Rule 17a-13.
- [3] 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 or 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.

Our consideration of the internal control would not necessarily disclose all matters in 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 the specific internal control components does not reduce to a relatively low level the risk that 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 internal control, including control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2004 to meet the SEC's objectives.

Our opinion regarding the adequacy of the Company's practices and procedures as stated in the preceding paragraph recognizes that it is not practicable in a company the size of the Company to achieve all the divisions of duties and cross-checks generally included in a system of internal control, and alternatively, greater reliance must be placed on surveillance by management.

This report is intended solely for the information and use of the member, management, the SEC, the National Association of Securities Dealers, 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.

A handwritten signature in black ink that reads "MasseLLA & Associates, CPA, PLLC". The signature is written in a cursive, flowing style.

**MASSELLA & ASSOCIATES, CPA, PLLC**  
Syosset, New York  
January 19, 2005