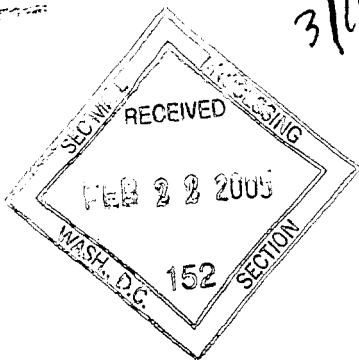




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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

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 1/01/2004 AND ENDING 12/31/2004
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: MARCO POLO SECURITIES INC.

OFFICIAL USE ONLY

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

FIRM I.D. NO.

139 CENTRE STREET

(No. and Street)

New York

(City)

NY

(State)

10013

(Zip Code)

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

CLIFFORD GOLDMAN212 220-2680

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

L.C. FORLENZA CPA PC

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

1214 W. BOSTON POST ROAD MANHATTAN NY 10543

(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 11 2005

THOMSON
FINANCIAL

FOR OFFICIAL USE ONLY

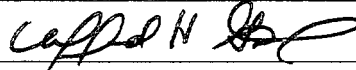
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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

OATH OR AFFIRMATION

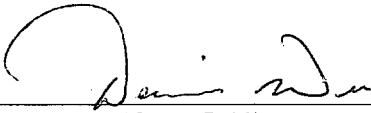
I, CLIFFORD GOLDMAN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MARCO POLO SECURITIES INC, as of December 31, 2004, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature

President

Title



Notary Public

DENNIS WU

NOTARY PUBLIC-STATE OF NEW YORK

No. 01-WU6106044

Qualified in New York County

This report ** contains (check all applicable) ~~Commission Expires February 23, 2003~~

- ☒ (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).

MARCO POLO SECURITIES, INC.

**A Wholly-Owned Subsidiary of
Marco Polo Network, Ltd.**

**Financial Statements
December 31, 2004**

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L.C. FORLENZA CPA P.C.

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INDEPENDENT AUDITOR'S REPORT

January 24, 2005

To the Board of Directors
Marco Polo Securities, Inc.
139 Centre Street 8th Floor
New York, NY 10013

I have audited the accompanying statement of financial condition of Marco Polo Securities Inc., a wholly-owned subsidiary of Marco Polo Network Ltd., as of December 31, 2004, and the related statement of income, changes in stockholders' 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. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. I have also reviewed the Company's Anti-Money Laundering Procedures and Business Continuity Plan. 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marco Polo Securities Inc., as of December 31, 2004 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.


L. C. FORLENZA CPA, P.C.

Marco Polo Securities, Inc.
STATEMENT OF FINANCIAL CONDITION
As of December 31, 2004

ASSETS

Current Assets		
Cash		\$ 72,551
Due from MPN Inc.		7,461
Fixed Assets		
Computers	\$ 4,717	
Accumulated Depreciation	(943)	3,774
TOTAL ASSETS		<u><u>\$ 83,786</u></u>

LIABILITIES & STOCKHOLDERS' EQUITY

Accounts Payable	\$ 6,000
TOTAL LIABILITIES	\$ 6,000
EQUITY	
Common Stock	\$ 80,704
Paid in Capital	125,404
	\$ 206,108
Retained Earnings - January 1, 2004	\$ (124,287)
Net Loss	(4,035)
Retained Earnings - December 31, 2004	\$ (128,322)
TOTAL EQUITY	<u>\$ 77,786</u>
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u><u>\$ 83,786</u></u>

Marco Polo Securities, Inc.
STATEMENT OF INCOME
January 1, 2004 through December 31, 2004

Revenues

Fees	\$ 403,960
<u>Total Revenues</u>	<u>\$ 403,960</u>

Expenses

Compensation and Related Salaries & Wages	\$ 280,360
Depreciation	943
Federal Unemployment	80
NASD Registrations	4,252
State and Local Taxes	455
Payroll Expenses	1,135
Market Data Services	4,914
Consulting/Corporate Finance	9,730
Consulting/Marketing	930
Rent & Other Related Expenses	9,000
Legal Fees	1,360
Accounting	12,188
Travel	74,135
Meals & Entertainment	5,542
Insurance	1,839
Design Services	500
Other Expenses	632
<u>Total Expenses</u>	<u>\$ 407,995</u>
<u>Net Loss</u>	<u>\$ (4,035)</u>

Marco Polo Securities, Inc.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
As of December 31, 2004

	Retained Earnings	Common Stock	Preferred Stock	Additional Paid-in Capital	Total
Balance, January 1, 2004	\$ (124,287)	\$ 80,704	\$ -	\$ 116,404	\$ 72,821
Cash Contributions				9,000	9,000
2004 Net Loss					(4,035)
Balance, December 31, 2004	<u>\$ (124,287)</u>	<u>\$ 80,704</u>	<u>\$ -</u>	<u>\$ 125,404</u>	<u>\$ 77,786</u>

Marco Polo Securities, Inc.
STATEMENT OF CASH FLOWS
January 1, 2004 through December 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

Net Loss	\$ (4,035)
Increase in Other Current Asset	(7,461)
Increase in Current Liabilities	6,000
Decrease in Other Current Liabilities	<u>(5,467)</u>
Net cash provided by Operating Activities	\$ (10,963)

CASH FLOWS FROM OPERATING ACTIVITIES

Acquisition of Fixed Assets	\$ (4,717)
Accumulated Depreciation	<u>943</u>
Net cash provided by Operating Activities	\$ (3,774)

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in Paid in Capital	<u>\$ 9,000</u>
Net cash provided by Financing Activities	\$ 9,000

Increase in Cash	\$ (5,737)
Cash at Beginning of the Year	<u>78,288</u>

Cash at End of the Year	<u><u>\$ 72,551</u></u>
--------------------------------	--------------------------------

NOTES TO FINANCIAL STATEMENTS

NOTE 1: NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Marco Polo Securities Inc. (the "Company"), formerly Devine Securities Inc., is a wholly-owned subsidiary of Marco Polo Network Ltd. (the "Parent Company"). Marco Polo Network Ltd. purchased Devine Securities Inc. on October 9, 2001. The Company is registered as a broker-dealer with the Securities and Exchange Commission (SEC) and the National Association of Securities Dealers (NASD).

Income Tax Status

The Company, with the consent of its stockholder, has elected to be a C-corporation under the Internal Revenue Code.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased that are not held for sale in the normal course of business to be cash equivalents at the mark of market value.

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 disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

NOTE 2: CAPITAL STRUCTURE

Common Stock

The common stock is valued at \$80,704.

NOTE 3: NET CAPITAL REQUIREMENT

As of December 31, 2004, the Company's net capital was \$77,786 compared with the minimum net capital requirement of \$5,000. Under the rule, aggregate indebtedness may not exceed 1,500% of net capital. At December 31, 2004, the Company's ratio of aggregate indebtedness amounted to 8% of net capital.

L.C. FORLENZA CPA P.C.

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January 24, 2005

To the Board of Directors
Marco Polo Securities, Inc.
139 Centre Street 8th Floor
New York, NY 10013

In planning and performing our audit of the financial statements and supplemental schedules of Marco Polo Securities, Inc., a wholly-owned subsidiary of Marco Polo Network Ltd. for the period from January 1, 2004 to 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 the internal control.

Also, as required by the rule 17a-5(g)(1) of the Securities 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 (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 related to those areas.

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 policies. 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 those transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance 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 or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of 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 and operation of the specific internal control components does not reduce to a relatively low level of 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 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.

This report is intended solely for the use of the Stockholder, management, the SEC, 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 should not be used for any other purpose.

L. C. FORLENZA CPA, P.C.

COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1
As of December 31, 2004

NET CAPITAL:

Total Stockholders' Equity from the Statement of Financial Condition	\$ <u>77,786</u>
Additions / Deductions	
Net Capital Before Haircuts on Securities	\$ <u>-</u>
Haircuts on Securities	
Exempted Securities ½%	\$ <u>-</u>
	\$ 77,786
 Minimum Net Capital Required	 \$ <u>5,000</u>
Excess Net Capital Required	\$ <u>72,786</u>
Excess Net Capital at 100%	\$ <u>77,786</u>
 AGGREGATE INDEBTEDNESS	 \$ <u>-</u>
Ratio of Aggregate Indebtedness to Net Capital	8%

STATEMENT PURSUANT TO RULE 17a-5 (d)(4)
December 31, 2004

Reconciliation with Company's computation (included in part IIA of form x-17 A-5 as of December 31, 2004)

Net Capital, as Reported in Company's Part IIA (unaudited) FOCUS Report	\$ 77,786
Audit adjustments to Increase Accrued Liabilities	\$ <u> -</u>
Net Capital Per Above	<u>\$ 77,786</u>

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS**

During the period from January 1, 2004 to December 31, 2004 there were no liabilities subordinated to claims of general creditors.

**STATEMENT PURSUANT TO EXEMPTIVE PROVISION
UNDER RULE 15c3-3**

The Company is currently exempt from the requirement to maintain a "Special Reserve Account for the Exclusive Benefit of Customers" under provisions of SEC rule 15c3-3 based upon Paragraph (k)(2)(i) of the Rule.