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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Papamarkou & Company, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

767 Fifth Avenue, 50th Floor

(No. and Street)

New York New York 10153
(City) (State) (Zip Code)

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

Scott Daniels

(212) 751-4422

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Rothstein, Kass & Company, P.C.

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

85 Livingston Avenue Roseland New Jersey 07068
(Address) (City) (State) (Zip Code)

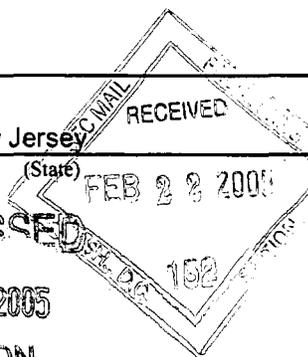
CHECK ONE:

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

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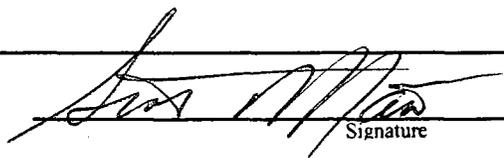
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (06-02)

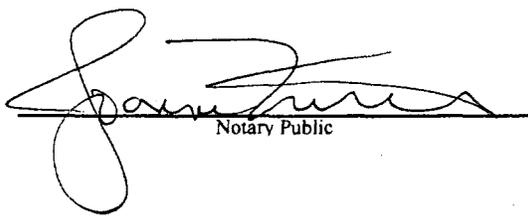
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Scott Daniels, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Papamarkou & Company, 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

CFO / FINOP
Title


Notary Public

JOANNE ZERILLO
NOTARY PUBLIC - NEW JERSEY
Commission Expires 7/2/2007

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 Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Independent auditor's report on internal accounting control.
- (p) Schedule of segregation requirements and funds in segregation--customers' regulated commodity futures account pursuant to Rule 171-5.

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

PAPAMARKOU & COMPANY, INC.

**STATEMENT OF FINANCIAL CONDITION
AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2004

PAPAMARKOU & COMPANY, INC.

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INDEPENDENT AUDITORS' REPORT

To the Shareholder
Papamarkou & Company, Inc.

We have audited the accompanying statement of financial condition of Papamarkou & Company, Inc. (the "Company") as of December 31, 2004. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Papamarkou & Company, Inc. as of December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

Rothstein, Kass & Company, P.C.

Roseland, New Jersey
January 28, 2005

PAPAMARKOU & COMPANY, INC.

STATEMENT OF FINANCIAL CONDITION

December 31, 2004

ASSETS

Cash	\$	451,692
Receivable from clearing broker		44,850
Securities owned, at market (cost \$364,572)		866,815
Property and equipment, net		259,482
Other assets		<u>72,561</u>
	\$	<u>1,695,400</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities

Accounts payable and accrued expenses	\$	41,754
Due to Affiliate		9,331
Deferred income taxes		<u>43,600</u>
Total liabilities		<u>94,685</u>

Stockholder's equity

Common stock, \$.01 par value, authorized and issued 10,000 shares, outstanding 9,000 shares		100
Additional paid-in capital		575,307
Retained earnings		<u>1,050,308</u>
		1,625,715
Less: Treasury stock - at cost; 1,000 shares		<u>(25,000)</u>
Total stockholder's equity		<u>1,600,715</u>
	\$	<u>1,695,400</u>

See accompanying notes to financial statements.

PAPAMARKOU & COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

1. Organization and nature of business

Papamarkou & Company, Inc. (the "Company") is a wholly owned subsidiary of Papamarkou Asset Management, Inc. (the "Parent") and a broker-dealer registered with the Securities and Exchange Commission (SEC) and is also a member of the National Association of Securities Dealers, Inc. (NASD). The Company's operations consist primarily of engaging in agency and riskless principal transactions.

2. Summary of significant accounting policies

Securities Owned, at market

All securities owned are valued at market and unrealized gains and losses are reflected in revenues.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. The Company provides for depreciation and amortization using the straight-line method over the estimated useful lives as follows:

Asset	Estimated Useful Life
Office equipment	7 years
Furniture and fixtures	7 years
Leasehold improvements	Lease term

Revenue and Expense Recognition

Securities transactions and the related revenues and expenses are recorded on the trade-date basis. Interest income is recognized when earned.

Income Taxes

The Company complies with Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes" which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax asset and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on the enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce the deferred income tax assets to the amount expected to be realized.

PAPAMARKOU & COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

Retirement Plan

The Company has a retirement plan under Section 401(k) of the Internal Revenue Code (the "Plan"), which covers all eligible employees. The plan provides for voluntary deductions of up to 15% of the employee's salary, subject to Internal Revenue Code limitations. The Company can make a matching contribution to the Plan, which is at the discretion of the Company and is determined annually. Matching contributions amounted to approximately \$17,000 for the year ended December 31, 2004.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Property and equipment

Details of property and equipment at December 31, 2004 are as follows:

Office equipment	\$	34,260
Furniture and fixtures		52,026
Leasehold improvements		303,037
		<u>389,323</u>
Less accumulated depreciation and amortization		<u>129,841</u>
	\$	<u>259,482</u>

4. Securities owned

Securities owned at December 31, 2004 consist solely of equity securities.

PAPAMARKOU & COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

5. Net capital requirement

The Company is subject to the SEC Uniform Net Capital Rule 15c3-1. This Rule requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2004, the Company's net capital was approximately \$1,173,000, which was approximately \$1,123,000 in excess of its minimum requirement of \$50,000.

6. Provision for income taxes

The Company is included in the consolidated federal and state income tax returns filed by its Parent. The Company and the Parent, with the consent of the Parent's stockholder, have elected to be taxed under applicable provisions of Subchapter S of the Internal Revenue Code and similar state provisions. Under those provisions, the Company and the Parent do not pay federal and state taxes on their corporate income. Instead, the stockholder of the Parent is individually liable for such taxes. The Company's local income taxes are calculated as if the Company filed on a separate return basis, using the Parent's effective tax rate. The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements utilizing currently enacted tax laws and rates. The provision for local income taxes provided is based on income for financial accounting purposes.

The provision for income taxes consists of the following:

Current	\$ 21,421
Deferred	<u>3,800</u>
	<u>\$ 25,221</u>

As of December 31, 2004, the Company had unrealized gains of approximately \$502,000, which creates a deferred tax liability of approximately \$43,600.

PAPAMARKOU & COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

7. Off-balance sheet risk

Pursuant to a clearing agreement, the Company introduces all of its securities transactions to a clearing broker on a fully-disclosed basis. All of the customers' money balances and long and short security positions are carried on the books of the clearing broker. In accordance with the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing broker monitor collateral on the customers' accounts.

In addition, the receivable from the clearing broker is pursuant to this clearance agreement.

8. Concentrations of credit risk

In the normal course of business, the Company's customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

The Company maintains its cash in two major financial institutions. These balances are insured by the Federal Deposit Insurance Corporation up to \$100,000 per institution. The Company is subject to credit risk should these financial institutions be unable to fulfill their obligations.

During the year ended December 31, 2004, the Company received approximately 92% of its total commissions revenue from numerous customers whose portfolios were managed by one asset management company.

9. Exemption from Rule 15c3-3

The Company is exempt from the SEC Rule 15c3-3 pursuant to the exemptive provision under sub-paragraph (k)(2)(ii) and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers".

10. Commitments and contingencies

The Company has an equipment lease for quote services, which provides for payments of \$1,425 per month per terminal, plus amounts for additional services as defined in the agreement expiring in April 2005. Aggregate future minimum lease payments subsequent to December 31, 2004 are approximately \$11,400.

PAPAMARKOU & COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

11. Related party transactions

The Parent introduces clients to other investment advisors and the Company receives commission income from those investment advisors.

The Company leases office space under a sublease agreement, which expired December 2004. Under a new sublease agreement, which expires January 2010, the Company subleases office space from its Parent and is obligated to pay approximately \$17,200 per month for rent plus associated charges to its Parent.

The lease provides for future minimum rental payments as follows:

Year Ending December 31,	
2005	\$ 207,000
2006	207,000
2007	211,000
2008	215,000
2009	215,000

The Company also rents storage space for approximately \$500 per month under a month-to-month lease agreement.

Rent expense for the year ended December 31, 2004 was approximately \$127,000, net of approximately \$120,000 of sublease income. The sublease income was received from the Company's Parent pursuant to the expired sublease agreement whereby the Parent was obligated to pay fifty percent of rental payments plus associated charges from the landlord through December 31, 2004.