



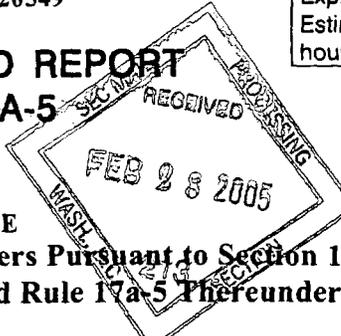
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UNITED STATES  
TIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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



SEC FILE NUMBER  
8- 48840

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 January 1, 2004 AND ENDING December 31, 2004  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Equitas America, L.L.C.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

38505 Country Club Drive, Suite 110

(No. and Street)

Farmington Hills  
(City)

Michigan  
(State)

48331  
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Dennis Brown (248)848-7500  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

BEST AVAILABLE COPY

William I. Minoletti & Co., P.C.

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

30435 Groesbeck Highway  
(Address)

Roseville  
(City)

Michigan  
(State)

48066  
(Zip Code)

**CHECK ONE:**

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

PROCESSED  
MAR 17 2005

**FOR OFFICIAL USE ONLY**  
THOMSON FINANCIAL

\*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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TJH

OATH OR AFFIRMATION

I, Dennis J. Brown, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Equitas America, L.L.C., as of December 31,, 20 04, 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:

None

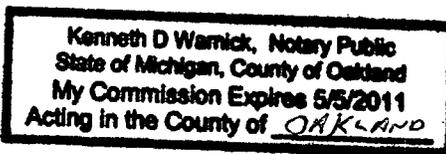
Dennis J. Brown  
Signature

President

Title

Kenneth D Warnick

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.
- (o) Independent Auditor's Report on Internal Accounting Control.

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

**EQUITAS AMERICA, L.L.C.**

**FINANCIAL STATEMENTS**

**and**

**SUPPORTING SCHEDULES PURSUANT TO RULE 17a-5 OF THE**

**SECURITIES AND EXCHANGE COMMISSION**

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

**with**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

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**WILLIAM I. MINOLETTI & Co., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

UPTON PROFESSIONAL BUILDING

30435 GROESBECK HIGHWAY

ROSEVILLE, MICHIGAN 48066

WILLIAM I. MINOLETTI, CPA  
LOUIS J. CARNAGHI, CPA

(586) 779-8010  
FAX (586) 771-8970  
E-MAIL: MINOLETTI@AMERITECH.NET

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Equitas America, L.L.C.  
Farmington Hills, Michigan

We have audited the accompanying balance sheets of Equitas America, L.L.C. as of December 31, 2004 and 2003 and the related statements of members' equity, operations, and cash flows for the years then ended. 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 audits 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 audits provide 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 Equitas America, L.L.C. as of December 31, 2004 and 2003 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 audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supporting schedules on pages 8 to 10 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 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the examination 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.

*William I. Minolotti & Co., P.C.*

February 18, 2005

**EQUITAS AMERICA, L.L.C.**  
**BALANCE SHEETS**  
**December 31, 2004 And 2003**

**ASSETS**

	<u>2004</u>	<u>2003</u>
Cash	\$ 35,208	\$ 322,164
Securities owned at market value	66,816	10,783
Accounts receivable:		
Brokers, dealers and clearing organizations	425,499	600,496
Deposits – clearing organizations	201,707	125,862
Amounts due from sales representatives	45,658	40,653
Other	2,979	9,979
Other assets:		
Prepaid expenses	32,150	26,920
Deposits	6,524	7,524
Equipment (net of accumulated depreciation of \$63,434 and \$60,300)	<u>2,480</u>	<u>4,614</u>
	<u>\$ 819,021</u>	<u>\$1,148,995</u>

**LIABILITIES AND MEMBERS' EQUITY**

Accounts payable:		
Brokers, dealers and clearing organizations	\$ -	\$ 361,502
Commissions due sales representatives	346,685	365,604
Advances from sales representatives	144,673	-
Other	6,033	12,272
Accrued expenses	20,361	37,239
Securities sold, not yet purchased, at market value	<u>2,229</u>	<u>65,286</u>
Total liabilities	519,981	841,903
Members' equity	<u>299,040</u>	<u>307,092</u>
	<u>\$ 891,021</u>	<u>\$1,148,995</u>

See accompanying notes.

**EQUITAS AMERICA, L.L.C.**  
**STATEMENTS OF MEMBERS' EQUITY**  
**For The Years Ended December 31, 2004 And 2003**

	<u>Amount</u>
Balance, December 31, 2002	\$343,860
Net income for the year ended December 31, 2003	2,378
Distributions to members	<u>(39,146)</u>
Balance, December 31, 2003	307,092
Net loss for the year ended December 31, 2004	(8,052)
Distributions to members	<u>-</u>
Balance, December 31, 2004	<u><u>\$299,040</u></u>

See accompanying notes.

**EQUITAS AMERICA, L.L.C.**  
**STATEMENTS OF OPERATIONS**  
**For The Years Ended December 31, 2004 And 2003**

	<u>2004</u>	<u>2003</u>
Income:		
Commissions and fees	\$5,125,711	\$5,237,534
Trading gains/(losses)	30,911	(18,092)
Interest income	<u>2,206</u>	<u>2,588</u>
Total revenue	5,158,828	5,222,030
Interest expense	<u>1,557</u>	<u>7,180</u>
Net revenue	<u>5,157,271</u>	<u>5,214,850</u>
Commissions and clearing charges:		
Commissions paid	4,070,194	4,187,198
Clearing charges	<u>387,465</u>	<u>304,626</u>
Total commissions and clearing charges	<u>4,457,659</u>	<u>4,491,824</u>
Gross profit from operations,	699,612	723,026
Selling, general and administrative expenses	<u>707,664</u>	<u>720,148</u>
Income (loss) before provision for taxes	(8,052)	2,878
Provision for taxes:		
Federal income tax (Note 2)	-	-
Single Business tax	<u>-</u>	<u>500</u>
Total provision for taxes	<u>-</u>	<u>500</u>
Net income (loss)	<u>\$ (8,052)</u>	<u>\$ 2,378</u>

See accompanying notes.

**EQUITAS AMERICA, L.L.C.**  
**STATEMENTS OF CASH FLOWS**  
**For The Years Ended December 31, 2004 And 2003**

	<b>2004</b>	<b>2003</b>
<b>Cash flows from operating activities:</b>		
Fees and commissions received	\$4,946,206	\$5,500,630
Interest received	1,361	1,915
Trading gains/(losses)	(88,179)	40,343
Commissions paid	(4,094,118)	(4,256,133)
Clearing charges	(387,465)	(304,626)
Other selling, general and administrative expenses paid	(731,877)	(710,168)
Deposit paid - Clearing organization	(75,000)	-
Interest expense	(1,557)	(7,180)
Single business taxes paid	-	(500)
Net cash provided (used) by operating activities	(430,629)	264,281
<b>Cash flows from investing activities:</b>		
Purchases of equipment	(1,000)	(3,080)
Advances from sales representatives	144,673	-
Net cash provided (used) by investing activities	143,673	(3,080)
<b>Cash flows used by financing activities:</b>		
Distributions to members	-	(39,146)
Net increase (decrease) in cash	(286,956)	222,055
Cash at beginning of year	322,164	100,109
Cash at end of year	\$ 35,208	\$ 322,164
<b>Reconciliation of net income (loss) to net cash provided (used)</b>		
<b>by operating activities:</b>		
Net income (loss)	\$ (8,052)	\$ 2,378
<b>Adjustments to reconcile net income to net cash provided (used) by operating activities:</b>		
Depreciation and amortization	3,134	7,435
(Increase) decrease in:		
Securities owned	(56,033)	(401)
Accounts receivable	176,992	(114,276)
Deposits – Clearing Organization	(75,845)	(673)
Prepaid expenses	(5,230)	(9,317)
Deposits	1,000	(1,000)
Increase (decrease) in:		
Accounts payable	(386,660)	315,619
Accrued expenses	(16,878)	5,680
Securities sold, not yet purchased, at market value	(63,057)	58,836
Total adjustments	422,577	261,903
Net cash provided (used) by operating activities	\$( 430,629)	\$ 264,281

See accompanying notes.

**EQUITAS AMERICA, L.L.C.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2004 And 2003**

**Note 1 - ORGANIZATION**

Equitas America, L.L.C. was organized as a limited liability company by Equitas America Holding Company, Inc. The Company registered as a broker-dealer with the National Association of Securities Dealers in November, 1995 and commenced operations in March, 1996.

In December, 2000 Equitas Patronage Partnership acquired 85% ownership in the Company, thus becoming the majority member. Equitas America Holding Company, Inc. the former controlling member owns 14% of the Company. Some of the partners of Equitas Patronage Partnership are also officers of the Company.

During the year ended December 31, 2004, Equitas America Holding Company, Inc. acquired approximately 12% of Equitas Patronage Partnership.

See Note 4 for transactions with member.

**Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Securities Transactions

Securities transactions and the related commission revenues and expenses are recorded on a trade date basis.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Instruments With Off-Balance-Sheet Risk

In the normal course of business, the Company's activities involve the execution, settlement and financing of various securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the other party to the transaction is unable to fulfill its contractual obligation.

Equipment

Equipment is recorded at cost and depreciated over the estimated useful lives of the assets using straight-line and accelerated methods.

Federal Income Taxes

As a limited liability company, the members have elected to be treated by the Internal Revenue Service substantially as if it were a partnership. Therefore, the members' respective share of taxable income or loss is reportable on their income tax returns.

**EQUITAS AMERICA, L.L.C.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2004 And 2003**  
**(Continued)**

**Note 3 – ADVANCES FROM SALES REPRESENTATIVES**

The advances from sales representatives represent amounts received from these representatives in connection with future trading activity and expenses.

**Note 4 – TRANSACTIONS WITH MEMBER**

Equitas America Holding Company provides various consulting services to the Company. For the years ended December 31, 2004 and 2003 consulting fees charged to the Company amounted to \$36,000 each year and are included in Selling, General and Administrative Expenses in the attached Statement of Operations.

In addition, the Company leases furniture from Equitas America Holding Company, See Note 6.

**Note 5 – NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1). Based on the provisions of this rule, the Company must maintain net capital equivalent to the greater of \$100,000 or 1/15th of aggregate indebtedness, as defined.

At December 31, 2004, the Company's net capital was \$187,252 and its required net capital was \$100,000. The ratio of aggregate indebtedness to net capital (which may not exceed 15 to 1) was 2.76 to 1.

**Note 6 – LEASE COMMITMENTS**

The Company leases its facilities and furniture under operating leases. Future minimum lease payments outstanding at December 31, 2004 are as follows:

<u>Year Ended December 31,</u>	<u>Facilities</u>	<u>Furniture</u>	<u>Total</u>
2005	\$34,500	\$ 8,400	\$42,900
2006	47,000	8,400	55,400
2007	48,000	8,400	56,400
2008	49,500	8,400	57,900
2009	4,000	8,400	12,400

The operating leases for the furniture included above is provided by Equitas America Holding Company.

For the years ended December 31, 2004 and 2003, the total lease expense pursuant to the above operating leases amounted to \$41,579 and \$53,584, respectively, and is included in Selling, General, and Administrative Expense in the attached Statement of Operations.

## **SUPPORTING SCHEDULES**

**EQUITAS AMERICA, L.L.C.**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**December 31, 2004**

1.	Total ownership equity	299,040
2.	Deduct ownership equity not allowable for net capital	<u>-</u>
3.	Total ownership equity qualified for net capital	299,040
4.	Add:	
	A. Liabilities subordinated to claims of general creditors allowable in computation of net capital	-
	B. Other (deductions) or allowable credits	<u>-</u>
5.	Total capital and allowable subordinated liabilities	299,040
6.	Deduction and/or charges:	105,122
	A. Total non-allowable assets from Statement of Financial Condition	
	B. Other deductions and/or charges	-
7.	Other additions and/or allowable credits	<u>-</u>
8.	Net capital before haircuts on securities positions	193,918
9.	Haircuts on securities (computed, where applicable, pursuant to Rule 15c3-1[f] )	<u>6,666</u>
10.	Net capital	187,252
13.	Net capital requirement	<u>100,000</u>
14.	Excess net capital	<u>87,252</u>

**EQUITAS AMERICA, L.L.C.**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**December 31, 2004**  
**(Continued)**

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

16. Total liabilities from balance sheet	<u>519,981</u>
19. Total aggregate indebtedness liabilities	<u>517,752</u>
20. Percentage of aggregate indebtedness to net capital	<u>276%</u>

**STATEMENT PURSUANT TO PARAGRAPH (d)(4) OF RULE 17a-5**

Differences between this computation of net capital and the corresponding computation prepared by Equitas America, L.L.C. and included in the Company's unaudited Part IIA, FOCUS Report filing as of the same date, consisted of the following:

Excess per this computation	87,252
Differences due to:	
Increase in haircuts on securities owned	65
Adjustment of non-allowable assets	(1,360)
Adjustment of net book value of equipment	<u>1,361</u>
Excess per the Company's Part IIA FOCUS Report	<u>87,318</u>

**EQUITAS AMERICA, L.L.C.**  
**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS**  
**FOR BROKER-DEALER UNDER RULE 15c3-3**  
**December 31, 2004**

Equitas America, L.L.C. is exempt from the Computation for Determination of Reserve Requirements for Broker-Dealers under Rule 15c3-3 of the Securities and Exchange Commission because of exemption provided under Rule 15c3-3(k)(2)(ii), as a broker-dealer, "who, as an introducing broker-dealer, clears all transactions with and for customers on a fully disclosed basis with a clearing broker-dealer ...".

**EQUITAS AMERICA, L.L.C.**

**SUPPLEMENTAL REPORT ON INTERNAL ACCOUNTING CONTROL**

**PURSUANT TO RULE 17a-5 OF THE**

**SECURITIES AND EXCHANGE COMMISSION**

**December 31, 2004**

**WILLIAM I. MINOLETTI & Co., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

UPTON PROFESSIONAL BUILDING

30435 GROESBECK HIGHWAY

ROSEVILLE, MICHIGAN 48066

WILLIAM I. MINOLETTI, CPA  
LOUIS J. CARNAGHI, CPA

(586) 779-8010  
FAX (586) 771-8970  
E-MAIL: MINOLETTI@AMERITECH.NET

To the Members of Equitas America, L.L.C.  
Farmington Hills, Michigan

In planning and performing our audit of the financial statements of Equitas America, L.L.C. for the year ended December 31, 2004, we considered its internal control, including control procedures 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 Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by the Company in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3. We reviewed the procedures for determining the compliance with the exemptive provisions of Rule 15c3-3 and determined that the Company was in compliance with the conditions of the exemption and no facts came to our attention that indicated that such provisions had not been complied with during the period. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the 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 a system of internal accounting 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 control procedures 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 an internal control system 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 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 irregularities may nevertheless 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 degree of compliance with them may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in the internal control structure 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 structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 internal control structure, including procedures 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 Commission to be adequate for its purposes in accordance with the Securities and 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.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered broker dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*William J. Minolite & Co. P.C.*

February 18, 2005