

BB



SE

05037664

MISSION

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

3/10

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

SEC FILE NUMBER
8-65477

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: **DKR Capital Securities Corp.**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

**1281 East Main Street**

(No. and Street)

**Stamford**

**CT**

**06902**

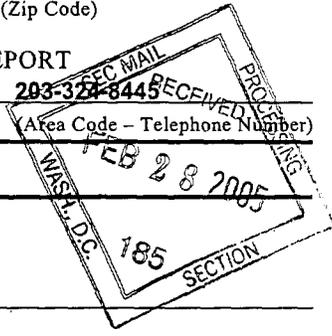
(City)

(State)

(Zip Code)

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

**Scott Clark**



**B. ACCOUNTANT IDENTIFICATION**

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

**PricewaterHouseCoopers LP**

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

**300 Madison Ave., 30th Flr.**

**New York**

**NY**

**10017**

(Address)

(City)

(State)

(Zip Code)

PROCESSED

MAR 15 2005

THOMSON FINANCIAL

CHECK ONE:

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

**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)

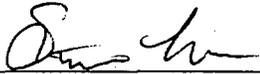
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

3/14/05

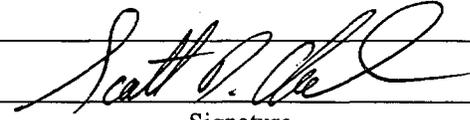
OATH OR AFFIRMATION

I, Scott Clark, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of DKR Capital Securities Corp., 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:

**STEPHANIE MACALUSO**  
**NOTARY PUBLIC**  
My Commission Expires: September 30, 2005



Notary Public



Signature

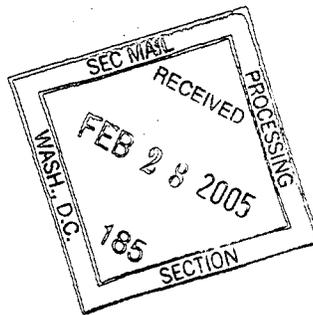
CFO

Title

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).



# **DKR Capital Securities Corp.**

**Statement of Financial Condition**

**December 31, 2004**

**Report of Independent Auditors**

To the Board of Directors and Shareholder of  
DKR Capital Securities Corp.

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of DKR Capital Securities Corp. (the "Company") (a wholly owned subsidiary of DKR Capital Inc.) at December 31, 2004, in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

*PricewaterhouseCoopers LLP*

February 23, 2005

**DKR Capital Securities Corp.**  
**Statement of Financial Condition**  
**December 31, 2004**

---

**Assets**

Cash	\$	68,111
Other assets		415
Total assets	\$	<u>68,526</u>

**Liabilities**

Liabilities	\$	-
-------------	----	---

**Liabilities and Shareholder's Equity**

Shareholder's equity		<u>68,526</u>
Total liabilities and shareholder's equity	\$	<u>68,526</u>

The accompanying notes are an integral part of these financial statements.

**DKR Capital Securities Corp.**  
**Statement of Financial Condition**  
**December 31, 2004**

---

**1. Organization and Summary of Significant Accounting Policies**

**Description of Business**

DKR Capital Securities Corp. (the "Company") is a registered broker and dealer and a member of the National Association of Securities Dealers (NASD), and was incorporated in the State of Delaware on July 8, 2002. The Company is a wholly owned subsidiary of DKR Capital Inc. (the "Parent"). The Company was established to engage in brokerage activity in connection with the sale of securities to customers for which the Parent provides investment management services.

**Use of Estimates**

The preparation of the 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 and the disclosure of contingent assets and liabilities at the date of the financial statement and during the reporting period. Actual results could differ from the estimates included in the financial statement.

**Income Taxes**

The Company has elected to be treated as a Subchapter S corporation for federal and state income tax purposes. Therefore there are no direct tax obligations of the Company for federal and state income tax purposes.

**2. Related Party Transactions**

All of the Company's revenues are derived from an affiliate company. As such, absent the Company's transactions with the affiliate, the Company's financial condition as of December 31, 2004 could have been significantly different than that reflected in the accompanying statement of financial condition.

**3. Off-Balance Sheet Risk**

FASB Interpretation No. 45, ("FIN 45"), Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others requires the disclosure of representations and warranties which the Company enters into which may provide general indemnifications to others. The Company in its normal course of business may enter into other legal contracts that contain a variety of these representations and warranties which provide general indemnifications. The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be against the Company that have not yet occurred. However, based on its experience, the Company expects the risk of loss to be remote.

**4. Net Capital Requirements**

The Company is subject to the SEC's Uniform Net Capital Rule 15c3-1 (the "Rule") 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. The Company is required to maintain net capital in accordance with the greater of \$5,000 or 6 2/3% of aggregate indebtedness, as defined. At December 31, 2004, the Company had net capital of \$68,526, which was \$63,526 in excess of its required capital of \$5,000.