



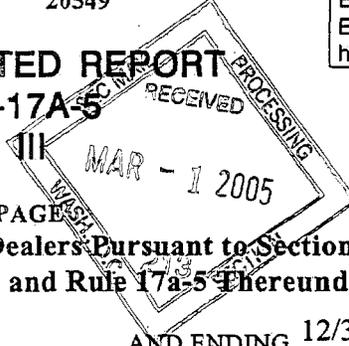
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SECURITIES AND COMMISSION
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OMB APPROVAL
OMB Number: 3235-0123
Expires: January 31, 2007
Estimated average burden
hours per response... 12.00

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



SEC FILE NUMBER
8-34743

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: AUSTIN SECURITIES INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
69-39 AUSTIN ST.

FOREST HILLS NY 11375
(City) (No. and Street) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
BRIAN MITCHELL 718-268-7666
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
KAUFMANN, GALLUCCI & GRUMER LLP

ONE BATTERY PARK PLAZA NEW YORK NY 10004
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED
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FINANCIAL

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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)

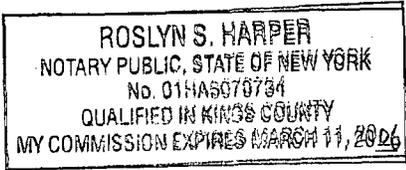
SEC 1410 (06-02)

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083-23

OATH OR AFFIRMATION

I, BRIAN MITCHELL, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AUSTIN 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: [Handwritten Signature]
Title: PRESIDENT

[Handwritten Signature]
Notary Public

This report ** contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Operations.
(d) Statement of Cash Flows.
(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 control.

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

AUSTIN SECURITIES, INC.
REPORT ON STATEMENT OF
FINANCIAL CONDITION
AS OF DECEMBER 31, 2004

AUSTIN SECURITIES, INC.

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KAUFMANN,
GALLUCCI &
GRUMER LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Austin Securities, Inc.:

We have audited the accompanying statement of financial condition of Austin Securities, Inc. (the "Company") as of December 31, 2004 that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. 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 in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement as well as 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, the financial statement referred to above presents fairly, in all material respects, the financial position of Austin Securities, Inc. as of December 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

February 3, 2005

Kaufmann, Gallucci & Grumer LLP

AUSTIN SECURITIES, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2004

ASSETS

Cash and cash equivalents	\$ 83,195
Receivable from clearing organization	150,494
Deposit with clearing organization	100,306
Security deposit	<u>7,000</u>
 TOTAL ASSETS	 \$ <u>340,995</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:	
Accounts payable and accrued expenses	\$ 31,138
Accrued taxes	<u>20,457</u>
 TOTAL LIABILITIES	 <u>51,595</u>
 Commitments	
Subordinated borrowings	<u>25,000</u>
 Shareholders' equity:	
Common stock, no par value; authorized 200 shares, 100 shares issued and outstanding	91,887
Additional paid-in capital	318,810
Accumulated deficit	<u>(146,297)</u>
 TOTAL SHAREHOLDERS' EQUITY	 <u>264,400</u>
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	 \$ <u>340,995</u>

The accompanying notes are an integral part of this financial statement.

AUSTIN SECURITIES, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2004

NOTE 1 - ORGANIZATION AND NATURE OF BUSINESS

Austin Securities, Inc. (the "Company") was incorporated in the State of New York May 1, 1985. The Company is a member of the National Association of Securities Dealers and is registered with the Securities and Exchange Commission.

All transactions for the Company's customers are cleared through a carrying broker-dealer (the "clearing organization") on a fully disclosed basis. Accordingly, open customer transactions are not reflected in the accompanying financial statements. The Company is exposed to credit losses in the event customers fail to satisfy their obligations in connection with their securities transactions. As of December 31, 2004, customer obligations to the clearing firm were collateralized by cash and securities with market values in excess of the obligations. The Company seeks to limit risk associated with non-performance by customers by monitoring all customer activity and reviewing information it receives from its clearing organization on a daily basis.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Cash equivalents consist of cash held in a money market account at the clearing broker.

The Company records proprietary securities transactions in regular-way trades and related profit and loss arising from these transactions on the settlement date. Customers' securities and commodities transactions are reported on a settlement date basis, as well as the related commission income and expenses. Securities owned at market value and revenues and expenses would not be materially different if reported on a trade date basis.

Marketable securities owned and securities sold, not yet purchased are valued at quoted market prices. From time to time, the Company sells securities which it has not yet purchased. Securities sold and not yet purchased represent an obligation of the Company to deliver specific equity securities. To satisfy this obligation, the Company must acquire the securities at the prevailing market prices in the future, which may differ from the market value reflected on the statement of financial condition and may result in a gain or loss to the Company.

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

AUSTIN SECURITIES, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2004

NOTE 2 - CONTINUED

and disclosure of contingent assets and liabilities as of December 31, 2004, and the reported amounts of revenues and expenses during the year then ended. Actual results could differ from those estimates.

NOTE 3 - RECEIVABLE FROM AND DEPOSIT WITH CLEARING ORGANIZATION

The receivable from clearing organization represents cash held by the clearing organization for commissions generated in December 2004 and paid in January 2005, and residual balances from the Company's trading activity. The deposit is required by the clearing agreement.

NOTE 4 - INCOME TAXES

The components of the income tax provision as of December 31, 2004 were:

New York State	\$ 2,294
New York City	<u>16,690</u>
Total	<u>\$18,984</u>

For Federal income tax purposes, the shareholders have elected that the Company be treated as an "S" corporation under Subchapter S of the Internal Revenue Code and as a Small Business Corporation under New York State Corporate Franchise Tax Law. Accordingly, no provision for has been made for Federal income taxes since the net income or loss of the Company is to be included in the tax returns of the individual shareholders.

NOTE 5 - COMMITMENTS

The Company leases office space under an operating lease which expires June 1, 2009. After June 1, 2000, the rent may be adjusted based on the Consumer Price Index. Future minimum annual payments required as of December 31, 2004 over the term of the current lease are as follows:

<u>Year ended</u> <u>December 31</u>	<u>Minimum</u> <u>lease payments</u>
2005	42,000
2006	42,000
2007	42,000
2008	42,000
2009	<u>17,500</u>
	<u>\$ 185,500</u>

AUSTIN SECURITIES, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2004

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

The Company maintains its cash in bank accounts which, at times, may exceed federally insured limits. Other than cash, substantially all other assets are held at the clearing broker and therefore are subject to the credit risk of the clearing broker.

NOTE 7 - SUBORDINATED BORROWINGS

At December 31, 2004, the Company had borrowings of \$25,000 which were unconditionally subordinated to all claims of general creditors pursuant to a written agreement. The subordinated borrowings are available in computing net capital under the Securities and Exchange Commission's uniform net capital rule. The agreement is scheduled to mature on May 30, 2007. The interest rate on the loan is 10 %.

NOTE 8 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC 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 \$280,143 which was \$180,143 in excess of its required net capital of \$100,000. The Company's net capital ratio was .18 to 1.