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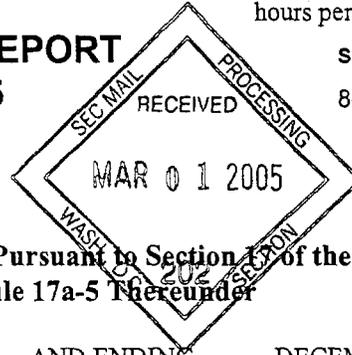
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SECURITIES COMMISSION  
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OMB APPROVAL  
OMB Number 3235-0123  
Expires: October 31, 2004  
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hours per response . . . 12.00

SEC FILE NUMBER  
8-05520

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



FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17(a) 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: INDIGO SECURITIES, LLC

OFFICIAL USE ONLY

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

FIRM ID. NO.

780 THIRD AVENUE  
(No. and Street)

NEW YORK  
(CITY)

NY  
(state)

10017  
(zip Code)

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

ERIC BRACHFELD

212-972-0900  
(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

Karll, Harvey CPA, P.C.  
(NAME - IF INDIVIDUAL STATE LAST, FIRST, MIDDLE NAME)

41 Middle Street  
(Address)

Newburyport  
(City)

MA  
(State)

01950-2755  
(ZIP Code)

CHECK ONE:

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

FOR OFFICIAL USE ONLY

PROCESSED  
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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 (3-91)

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 control number

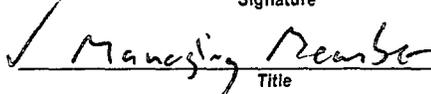
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OATH OR AFFIRMATION

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
\_\_\_\_\_  
Notary Public

  
\_\_\_\_\_  
Signature  
  
\_\_\_\_\_  
Managing Member  
Title

MARIA WILSON  
NOTARY PUBLIC, STATE OF NEW YORK  
NO: 01-W14939966  
QUALIFIED IN RICHMOND COUNTY  
COMMISSION EXPIRES: 08-01-2006

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

- X (a) Facing page.
- X (b) Statement of Financial Condition.
- X (c) Statement of Income (Loss).
- X (d) Statement of Changes in Financial Condition.
- X (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.
- X (g) Computation of Net Capital
- X (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- X (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.
- X (K) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation
- X (l) An Oath or Affirmation
- (m) A copy of the SIPC Supplemental Report.
- X (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 240.17d-5(e)(3).



# Harvey E. Karll CPA, P.C.

41 Middle Street  
Newburyport, Massachusetts 01950  
(978) 465-9512 Fax (978) 462-9043

## **Report on Internal Control Required by SEC Rule 17a-5 for a Broker-Dealer Claiming an Exemption From SEC Rule 15c3-3'**

Indigo Securities, LLC

In planning and performing our audit of the consolidated financial statements and supplemental schedules of Indigo Securities, LLC (the Company), for the year ended 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 internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and 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 followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

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 objectives. 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 that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity 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, error or fraud may 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 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 or operation of the specific internal control components does not reduce to a relatively low level the 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 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 members, management, the SEC, 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 is not intended to be and should not be used by anyone other than these specified parties.

Harvey E Karll CPA, P.C.  
Newburyport, Massachusetts  
February 21, 2005

*Harvey E Karll CPA P.C.*

Indigo Securities, LLC  
Audited Financial Statements  
For The Year Ended December 31, 2004

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# Harvey E. Karll CPA, P.C.

41 Middle Street  
Newburyport, Massachusetts 01950  
(978) 465-9512 Fax (978) 462-9043

## INDEPENDENT AUDITORS REPORT

Indigo Securities, LLC  
780 Third Ave  
New York, NY 10017

I have audited the accompanying Statement of Financial Condition of Indigo Securities, LLC as of December 31, 2004, and the related Statements of Income, Changes in Members Capital, 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. Our responsibility is to express an opinion on these financial statements based on our audit.

I conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that our audit provides a reasonable basis for our opinion.

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

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule 1, 2 and 3 are presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit 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.

February 21, 2005

Indigo Securities LLC  
Statement of Financial Condition  
December 31, 2004

**Assets**

<i>Current Assets</i>		
Cash-Checking	\$ 21,461.27	
Cash-Money Market	8,698.50	
Accts Receivable	2,244.79	
Prepaid Expenses	2,000.00	
Prepaid NASD Fees	8,640.00	
<b>Total Current Assets</b>		<b>\$ 43,044.56</b>
<i>Fixed Assets</i>		
<b>Total Fixed Assets</b>		<b>0.00</b>
<i>Other Assets</i>		
<b>Total Other Assets</b>		<b>0.00</b>
<b>Total Assets</b>		<b>\$ 43,044.56</b>

See Accountant's Report & Accompanying Notes

Indigo Securities LLC  
Statement of Financial Condition  
December 31, 2004

Liabilities & Equity

Liabilities

*Current Liabilities*

Accounts Payable	\$ 2,500.00
Accrued Expenses	15,337.00

<b>Total Current Liab.</b>	<b>\$ 17,837.00</b>
----------------------------	---------------------

*Long Term Liabilities*

<b>Total Long Term Liab.</b>	<b>0.00</b>
------------------------------	-------------

<b>Total Liabilities</b>	<b>17,837.00</b>
--------------------------	------------------

Equity

Current Earnings	( 8,717.25)
Members Distributions	33,924.81

<b>Total Equity</b>	<b>25,207.56</b>
---------------------	------------------

<b>Total Liabilities &amp; Equity</b>	<b>\$ 43,044.56</b>
---------------------------------------	---------------------

See Accountant's Report & Accompanying Notes

Indigo Securities LLC  
Statement of Income  
Twelve Months Ended December 31, 2004

	Year To Date	%
<b>Income</b>		
Private Equity Placement	\$ 3,786,678.06	94.5
Commission Inc/Research	107,875.69	2.7
Consulting Income	112,591.85	2.8
	<hr/>	
<b>Total Income</b>	<b>4,007,145.60</b>	<b>100.0</b>
 <b>Cost of Sales</b>		
	<hr/>	
<b>Total Cost of Sales</b>	<b>0.00</b>	<b>0.0</b>
	<hr/>	
<b>Gross Profit</b>	<b>4,007,145.60</b>	<b>100.0</b>
 <b>General &amp; Administrative Exp.</b> ( See Schedule A )	 4,015,923.72	 100.2
 <b>Net Income/(Loss) From Operations</b>	 ( 8,778.12)	 -0.2
 <b>Other Income</b>		
Interest Income	60.87	0.0
	<hr/>	
<b>Total Other Income</b>	<b>60.87</b>	<b>0.0</b>
 <b>Net Income/(Loss) Before Taxes</b>	 ( 8,717.25)	 -0.2
 <b>Provision for Income Taxes</b>		
	<hr/>	
<b>Total Provision for Income Taxes</b>	<b>0.00</b>	<b>0.0</b>
	<hr/>	
<b>Net Income/(Loss)</b>	<b>(\$ 8,717.25)</b>	<b>-0.2</b>
	<hr/> <hr/>	

See Accountant's Report & Accompanying Notes

Indigo Securities LLC  
Statement of Income  
Twelve Months Ended December 31, 2004

	Year To Date	%
<b>General &amp; Administrative Exp.</b> ( Schedule A )		
Accounting Fees	\$ 14,076.06	0.4
Audit Fees	7,600.00	0.2
Bank Charges	1,084.90	0.0
Broker Dealer Compliance	30,504.60	0.8
Consulting	5,000.00	0.1
Fidelity Bond	494.00	0.0
Interest	5.67	0.0
Legal Fees	1,119.57	0.0
Licenses & Permits	506.50	0.0
Regulatory Fees	12,379.27	0.3
Rep Commissions	3,941,589.25	98.4
Software License Fees	1,563.90	0.0
<b>Total G &amp; A Expense</b>	<b>\$ 4,015,923.72</b>	<b>100.2</b>

See Accountant's Report & Accompanying Notes

Indigo Securities, LLC  
Statement of Changes in Member's Equity  
For The Year Ended December 31, 2004

	Members Equity
Balance at beginning of year	\$ 137,567)
Net Profit (Loss)	( 8,717)
Proceeds from Members	0
Distributions to Member	( 103,642)
Balance at end of year	----- \$ 25,208 =====

(See Accountant's Report and Accompanying Notes)

**Indigo Securities LLC**  
**Statement of Cash Flows**  
**Twelve Months Ended December 31, 2004**

Year To Date

<b>Cash Provided from Operations</b>		
Net Income ( Loss )	(\$ 8,717.25)	
Adjustments		
Add:		
Accrued Expenses	15,337.00	
Less:		
Accts Receivable	( 2,244.79)	
Prepaid Expenses	( 2,000.00)	
Prepaid NASD Fees	( 8,640.00)	
Accounts Payable	( 4,300.00)	
	<hr/>	
<b>Cash from Operations</b>		( 10,565.04)
<b>Cash Flows - Invested</b>		
Other Assets	174.00	
	<hr/>	
<b>Investing Cash Flows</b>		174.00
<b>Cash Flows - Financing</b>		
Subordinated Debt	( 10,000.00)	
Members Distributions	( 103,642.19)	
	<hr/>	
<b>Financing Cash Flows</b>		( 113,642.19)
<b>Cash Increase (Decrease)</b>		( 124,033.23)
<b>Cash - Beginning of Year</b>		
Cash-Checking	154,193.00	
	<hr/>	
<b>Total Beginning of Year</b>		154,193.00
<b>Cash on Statement Date</b>		<u><u>\$ 30,159.77</u></u>

See Accountant's Report & Accompanying Notes

Indigo Securities, LLC  
Computation of Net Capital  
December 31, 2004

Total Members Equity	\$ 25,028
Less: Non Allowable Assets	<u>12,885</u>
Net Capital	12,143
Less: Capital Requirement	<u>5,000</u>
Excess Net Capital	\$ 7,143
	=====
Aggregate Indebtedness	\$ 17,837
	=====
Ratio of Aggregate Indebtedness To Net Capital	1.47 to 1.0

See Accountant's Report and Accompanying Notes

Indigo securities, LLC  
Notes to Financial Statements  
For the Year Ended December 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The company is a Delaware limited liability company. The company is a broker/dealer registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD).

Income Taxes

A limited liability company is treated as a partnership for both federal and state income tax purposes. Thus, federal and state income (loss) are passed through to the members of the company, and not taxed at the company level. Therefore, no provision or liability for federal or state income taxes are required in these financial statements.

Use of Estimates

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

Basis of Accounting

The Company uses the accrual method of accounting for financial and tax accounting purposes.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At December 31, 2004 the company had nothing in excess of FDIC insured limits. The company has not experienced any losses in such accounts.

(See Accountant's Report and Accompanying Notes)

Indigo Securities, LLC  
Notes to Financial Statements  
For the Year Ended December 31, 2004

2. Net Capital Requirements

As a broker/dealer, the company is subject to the Securities and Exchange Commission's regulations and operating guidelines, which require the Company to maintain a specified amount of net capital, as defined, and a ratio of aggregate indebtedness to net capital, as derived, not exceeding 15 to 1. The Company's net capital computed under 15c3-1 was \$12,143 at December 31, 2004, which exceed required net capital of \$5,000 by \$7,143. The ratio of aggregate indebtedness to net capital at December 31, 2004 was 1.47 to 1.0.

3. Advertising

The company's policy is to expense the cost of advertising as it is incurred.

4. Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an initial maturity of three months or less.

5. Cash Flows

Cash paid for interest and income taxes is as follows:

Interest	\$ 5.67
	=====

(See Accountant's Report and Accompanying Notes)

Indigo Securities  
Reconciliation of Audited vs Unaudited Net Capital  
As of December 31, 2004

Unaudited Net Capital - As reported in Part IIA Focus	\$ 12,323
Net Audit Adjustments	( <u>      180</u> )
Audited Net Capital	\$ 12,143 =====

(See Accountant's Report and Accompanying Notes)

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER Indigo Securities, LLC. as of 12/31/04

EXEMPTION PROVISION UNDER RULE 15c3-3

If an exemption from Rule 15c3-3 is claimed, identify below; the section-upon which such exemption is based:

- |   |               |      |
|---|---------------|------|
| A. (k) (1) \$2,500 capital category as per Rule 15c3-1  | _____         | 4550 |
| B. (k) (2)(A) "Special Account for the exclusive benefit of customers" maintained   | _____ x _____ | 4560 |
| C. (k) (2)(B) All customer transactions cleared through another broker-dealer on a fully disclosed basis<br>Name of clearing firm - _____ | _____         | 4570 |
| D. (k) (3) Exempted by order of the Commission  | _____         | 4580 |

(See Accountant's Audit Report & Accompanying Notes)