

BB

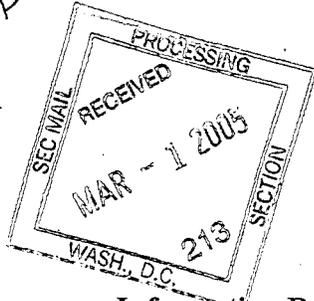


05038731

COMMISSION 0549

2315

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- 33033

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: Ancora Securities, Inc.

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

2000 Auburn Drive, Suite 420

(No. and Street)

Cleveland, Ohio 44122

(City)

(State)

(Zip Code)

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

Bradley Zucker

(216) 825-4002

(Area Code - Telephone Number)

OFFICIAL USE ONLY
FIRM I.D. NO.

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Cohen McCurdy, Ltd.

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

826 Westpoint Parkway, Suite 1250

Westlake, Ohio 44145

(Address)

(City)

PROCESSED

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

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

MAR 23 2005

THOMSON FINANCIAL

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)

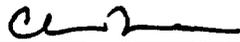
SEC 1410 (06-02)

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.

CA 3/16

OATH OR AFFIRMATION

I, Christopher R. Barone, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Ancora 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

President

Title



Notary Public

DAVID W. KUHR
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES 4/14/2009

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).

ANCORA SECURITIES, INC.
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2004



ANCORA SECURITIES, INC.

DECEMBER 31, 2004

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	2
STATEMENT OF FINANCIAL CONDITION	
December 31, 2004.....	3
STATEMENT OF INCOME	
Year ended December 31, 2004	4
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY	
Year ended December 31, 2004	5
STATEMENT OF CASH FLOWS	
Year ended December 31, 2004	6
NOTES TO THE FINANCIAL STATEMENTS.....	7 - 9
SUPPLEMENTAL INFORMATION	10 - 12
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5.....	13 - 14



Cohen McCurdy, Ltd.
826 Westpoint Pkwy., Suite 1250
Westlake, OH 44145-1594

440.835.8500
440.835.1093 fax

www.cohenmccurdy.com

SHAREHOLDER
ANCORA SECURITIES, INC.

Independent Auditors' Report

We have audited the accompanying statement of financial condition of Ancora Securities, Inc. as of December 31, 2004, and the related statements of income, changes in shareholder's equity, 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.

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 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 audit provides 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 Ancora Securities, Inc. 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, and III 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 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in our 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.

Cohen McCurdy

January 28, 2005
Westlake, Ohio

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2004

ASSETS

Cash and cash equivalents	\$ 44,610
Commissions receivable from clearing broker and other broker-dealers	351,690
Other receivables	2,993
Marketable securities owned – At market value	397,728
Subordinated loan receivable	50,000
Due from shareholder	559,159
Other assets	12,746
Deferred tax asset	<u>600</u>
	<u>\$ 1,419,526</u>

LIABILITIES

Accounts payable and accrued expenses	\$ 116,329
Income tax payable	<u>55,000</u>
	<u>171,329</u>

Commitments

SHAREHOLDER'S EQUITY

Common stock, no par value, 12,500 shares authorized, 1,915 shares issued and outstanding	1,237
Common stock, Class B, no par value, 2,000 shares authorized, 1,710 shares issued and outstanding	1,000
Paid-in capital	1,119,142
Retained earnings	<u>126,818</u>
	<u>1,248,197</u>
	<u>\$ 1,419,526</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2004

REVENUE	
Commissions	\$ 3,412,495
Interest and dividends	54,838
Mutual fund fees	419,261
Other	<u>67,857</u>
	<u>3,954,451</u>
EXPENSES	
Administrative fees – Related party	1,790,000
Clearing expense	1,474,370
Commissions	411,538
Communications and data processing	120,508
Other expenses	54,663
Interest expense	<u>2,267</u>
	<u>3,853,346</u>
INCOME BEFORE INCOME TAXES	<u>101,105</u>
PROVISION (BENEFIT) FOR INCOME TAXES	
Current	52,700
Deferred	<u>(8,500)</u>
	<u>44,200</u>
NET INCOME	<u>\$ 56,905</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

YEAR ENDED DECEMBER 31, 2004

	<u>COMMON STOCK</u>	<u>COMMON STOCK CLASS B</u>	<u>ADDITIONAL PAID-IN CAPITAL</u>	<u>RETAINED EARNINGS</u>	<u>TOTAL</u>
BALANCE – JANUARY 1, 2004	\$ 1,237	\$ 1,000	\$1,119,142	\$ 69,913	\$1,191,292
NET INCOME				56,905	56,905
BALANCE – DECEMBER 31, 2004	<u>\$ 1,237</u>	<u>\$ 1,000</u>	<u>\$1,119,142</u>	<u>\$ 126,818</u>	<u>\$1,248,197</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2004

CASH FLOW USED IN OPERATING ACTIVITIES	
Net income	\$ 56,905
Adjustments to reconcile net income to net cash used in operating activities	
Deferred taxes	(8,500)
Increase (decrease) in cash from changes in operating activities:	
Commissions receivable from clearing broker and other broker-dealers	(148,701)
Other receivables	8,801
Marketable securities owned – Net	(54,528)
Income taxes payable	52,700
Other assets	(4,422)
Accounts payable and accrued expenses	(10,768)
Net cash used in operating activities	<u>(108,513)</u>
CASH FLOW PROVIDED FROM INVESTING ACTIVITY	
Decrease in due from shareholder	<u>100,000</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,513)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	<u>53,123</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 44,610</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE	
Interest paid	<u>\$ 2,267</u>

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION

Ancora Securities, Inc., a wholly-owned subsidiary of Ancora Capital, Inc, is a fully-disclosed broker/dealer registered with the Securities and Exchange Commission (SEC) and the State of Ohio, and is a member of the National Association of Securities Dealers (NASD) specializing in selling investment securities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting 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 and disclosure of contingent 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.

Receivables and Credit Policies

Commissions receivable are uncollateralized broker obligations due under normal trade terms requiring payments within 30 days from the report date. The Company generally collects receivables within 30 days and does not charge interest on commissions receivable with invoice dates over 30 days old.

The carrying amount of commissions receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts greater than 30 days that are not believed to be collectible. In the opinion of management, at December 31, 2004, all commissions receivable were considered collectible and no allowance was necessary.

Commissions

Commission income, commission expense, and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

At December 31, 2004, temporary differences which give rise to deferred tax assets related primarily to the book versus tax treatment of unrealized gains and losses on investments.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Company considers financial instruments with a maturity of less than 90 days to be cash equivalents. Included in cash and cash equivalents at December 31, 2004, are cash and money market funds.

Investments

Marketable securities are carried at market value with unrealized gains and losses reported in operations in the year in which they occur. Net realized gains and losses on security transactions are determined on the specific identification cost basis.

Concentration of Credit Risk

The Company is engaged in various trading and brokerage activities for itself and other broker-dealers for which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event that these other broker-dealers or counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of these other broker-dealers or counterparties. It is the Company's policy to review, as necessary, the credit standing of these various relationships.

3. SUBORDINATED LOAN RECEIVABLE

At December 31, 2004, the Company holds a secured subordinated loan receivable due from an unrelated broker-dealer. Maturity of this loan is January 31, 2011, with interest earned at 9% and the loan is secured by a cash deposit in a financial institution. This loan was approved by the NASD and is subordinated to the claims of other creditors of the entity from which it is due.

4. NET CAPITAL PROVISION OF RULE 15c3-1

The Company is subject to the Securities and Exchange Commission (SEC) uniform net capital rule (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, Ancora Securities, Inc. had net capital of \$562,347 which was \$312,347 in excess of its required net capital of \$250,000. Ancora Securities Inc.'s ratio of aggregate indebtedness to net capital was .30 to 1.

NOTES TO THE FINANCIAL STATEMENTS

5. EXEMPTION FROM RULE 15c3-3

The Company acts as an introducing broker or dealer, promptly transmitting all funds and delivering all securities received in connection with its activities as a broker or dealer and does not otherwise hold funds or securities for or owe money or securities to customers. The Company operates under Section (k)(2)(ii) of Rule 15c3-3 of the Securities Exchange Act of 1934 and is therefore exempt from the requirements of Rule 15c3-3.

6. MARKETABLE SECURITIES - OWNED

At December 31, 2004, marketable securities owned by the Company represented mutual funds and other securities at market value. Shares of stock in the Ancora Income Fund Class D (a fund of Ancora Trust) comprised 99% of the Company's total investments at December 31, 2004.

7. DUE FROM SHAREHOLDER

At December 31, 2004, due from shareholder consisted of a non-interest bearing, unsecured receivable from Ancora Capital. During 2004, Ancora Capital paid \$100,000 to the Company against this shareholder receivable.

8. RELATED PARTY TRANSACTIONS

During the year, the Company paid \$1,790,000 in administrative fees to its parent under an informal agreement. The Company's parent provides office space, personnel, and various other services in return for its administrative fees.

In addition, a registered investment advisor with the Securities and Exchange Commission of the United States is an affiliate of the Company as a result of being under common control. Certain accounts are clients of both the Company and the registered investment advisor.

The Company also processes transactions with certain mutual funds and a hedge fund controlled by Ancora Trust. The Chairman of the Board of Trustees of Ancora Trust is the majority shareholder of Ancora Capital Inc. Portfolio transactions for these funds through the Company resulted in commissions of \$71,733 for 2004. The Company also received service fees from these funds of \$95,792 for 2004.

9. COMMITMENTS

As of January 3, 2005, the Company has entered into a formal expense sharing agreement with its parent, Ancora Capital Inc. The agreement provides that certain non-regulatory expenses shall be paid by the parent on behalf of the Company. Administrative fees will be paid to the parent to cover these expenses monthly in the amount of \$48,245.

SUPPLEMENTAL INFORMATION
PURSUANT TO RULE 17a-5 OF THE
SECURITIES EXCHANGE ACT OF 1934

DECEMBER 31, 2004

SCHEDULE I - COMPUTATION OF NET CAPITAL
PURSUANT TO RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2004

NET CAPITAL	
Total shareholder's equity	<u>\$1,248,197</u>
Non-allowable assets:	
Due from shareholder	559,159
Subordinated loan receivable	50,000
Other assets and prepaid expenses	<u>16,646</u>
	<u>625,805</u>
NET CAPITAL BEFORE HAIRCUTS ON SECURITIES	622,392
Haircuts on securities	<u>60,045</u>
NET CAPITAL	<u>\$ 562,347</u>
COMPUTATION OF AGGREGATE INDEBTEDNESS	
Accounts payable, accrued expenses, federal income tax payable	<u>\$ 171,329</u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT -	
6 2/3% OF AGGREGATE INDEBTEDNESS	<u>\$ 11,428</u>
MINIMUM REQUIRED NET CAPITAL	<u>\$ 250,000</u>
NET CAPITAL REQUIREMENT	<u>\$ 250,000</u>
EXCESS NET CAPITAL	<u>\$ 312,347</u>
RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>.30 to 1</u>

A reconciliation of the computation of net capital under Rule 15c3-1 as included in the Company's unaudited Form X-17a-5 as of December 31, 2004 filed with the Securities and Exchange Commission and the amount included in the accompanying Schedule I computation follows:

	December 31, <u>2004</u>
Net capital, as reported in Company's Form X-17a-5, Part IIA,	\$ 607,147
Non-allowable deferred tax asset	(600)
Net audit adjustments	
Provision for income taxes	<u>(44,200)</u>
Net capital, as reported in Schedule I	<u>\$ 562,347</u>

SCHEDULES II AND III – COMPUTATION FOR
DETERMINATION OF RESERVE REQUIREMENTS AND
INFORMATION RELATING TO POSSESSION OR CONTROL
REQUIREMENTS PURSUANT TO RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2004

The Company is not required to present the schedules "Computation for Determination of Reserve Requirements Under Rule 15c3-3" and "Information for Possession or Control Requirements Under Rule 15c3-3" as it meets the exemptive provisions of Rule 15c3-3, under Section (k)(2)(ii) of the Rule.

SHAREHOLDER
ANCORA SECURITIES, INC.

Independent Auditors' Report on Internal Control
Required by SEC Rule 17a-5

In planning and performing our audit of the financial statements and supplemental schedules of Ancora Securities, Inc. (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 compliance with 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 preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. 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 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 shareholder, 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 those specified parties.

Cohen McCurdy

January 28, 2005
Westlake, Ohio