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SECURITY



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ANNUAL REPORT OF BROKER-DEALER
 FORM X-17A-5
 PART III

SEC FILE NUMBER

8- 50854

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 1/1/04 AND ENDING 12/31/04
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Keystone Securities, LLC

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

OFFICIAL USE ONLY

FIRM I.D. NO.

444 288th Ave
(No. and Street)

Burlington Wisconsin 53105
(City) (State) (Zip Code)

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

Roger Christoph 262-878-4800
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

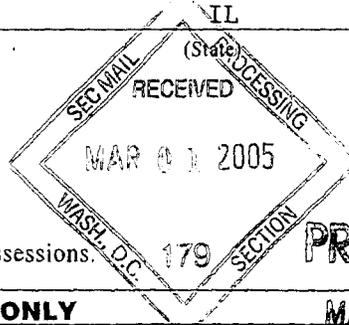
INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Albert & Goodman, CPA's
(Name - if individual, state last, first, middle name)

650 Dundee Rd #170 Northbrook IL 60062
(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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MAR 23 2005

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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Handwritten signature/initials

OATH OR AFFIRMATION

I, Roger Christoph, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Keystone Securities, LLC., 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:

R. Christoph
Signature

President
Title

[Signature]
Notary Public

Subscribed and sworn to before me this
23rd day of February, 20 05

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.

Notary Public for the State of Florida
My commission expires 10-7-07

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

To the Members of
Keystone Securities, LLC

REPORT OF INDEPENDENT ACCOUNTANTS

We have audited the accompanying statements of financial condition of Keystone Securities, LLC as of December 31, 2004 and 2003, and the related statements of income, members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the management of the Company, 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 aforementioned financial statements present fairly, in all material respects, the financial position of Keystone Securities, LLC 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 generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of Keystone Securities, LLC are presented for the purpose of additional analysis and are not required as part of the basic financial statements, but are supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. These schedules are the responsibility of the Company's management. Such schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, when considered in relation to the basic financial statements taken as a whole.

Albert & Goodman, CPAs

Albert & Goodman, CPAs

January 23, 2005

KEYSTONE SECURITIES, LLC

AUDITED FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2004 and 2003

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KEYSTONE SECURITIES, LLC
 STATEMENTS OF FINANCIAL CONDITION
 DECEMBER 31, 2004 & 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Cash	\$ 3,813	\$ 39,712
Marketable securities at market	100,042	49,995
Accounts receivable	<u>6,343</u>	<u>771</u>
TOTAL ASSETS	<u>\$ 110,198</u>	<u>\$ 90,478</u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts & commissions payable	\$ 2,000	\$ 1,500
Accrued state income taxes	<u>-</u>	<u>273</u>
TOTAL LIABILITIES	2,000	1,773
MEMBERS' EQUITY	<u>108,198</u>	<u>88,705</u>
TOTAL LIABILITIES & MEMBERS' EQUITY	<u>\$ 110,198</u>	<u>\$ 90,478</u>

SEE ACCOUNTANT'S REPORT AND ACCOMPANYING NOTES

KEYSTONE SECURITIES, LLC
 STATEMENTS OF INCOME AND MEMBERS' EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2004 & 2003

REVENUES	2004	2003
Commissions	\$ 37,972	\$ 56,135
Dividend income	645	578
Miscellaneous	-	3,064
TOTAL REVENUE	<u>38,617</u>	<u>59,777</u>
OPERATING EXPENSES		
Clearing charges	11,889	21,877
Commissions	6,199	10,963
Medical reimbursement	4,157	-
Professional fees	4,129	3,863
Dues & assessments	3,863	2,703
Travel	1,336	-
Postage & delivery	1,094	-
Telephone	984	-
Insurance/bonding	369	380
Miscellaneous expense	104	-
Training education	-	630
State income taxes	-	273
Amortization expense	-	183
TOTAL OPERATING EXPENSES	<u>34,124</u>	<u>40,872</u>
NET INCOME	4,493	18,905
MEMBERS' EQUITY		
Beginning of the year	88,705	69,800
Capital contributions	15,000	-
End of the year	<u>\$108,198</u>	<u>\$ 88,705</u>

SEE ACCOUNTANT'S REPORT AND ACCOMPANYING NOTES

KEYSTONE SECURITIES, LLC
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2004 & 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 4,493	\$ 18,905
Amortization	-	183
Net (increase) decrease in current assets:		
Accounts receivable	(5,572)	6,791
Marketable securities	(50,047)	-
Rental deposit	-	-
Net increase (decrease) in current liabilities		
Commissions payable	500	1,500
Accrued state income taxes	(273)	273
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(50,899)</u>	<u>27,652</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Member distributions	<u>15,000</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>15,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	(35,899)	27,652
CASH AT BEGINNING OF THE YEAR	<u>39,712</u>	<u>12,060</u>
CASH AT END OF THE YEAR	<u><u>\$ 3,813</u></u>	<u><u>\$ 39,712</u></u>

Supplemental Disclosure of Cash Flow Information:

Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ 273</u>	<u>\$ -</u>

SEE ACCOUNTANT'S REPORT AND ACCOMPANYING NOTES

KEYSTONE SECURITIES, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Keystone Securities, LLC, (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. Management is also responsible for all estimates made on these financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

NATURE OF ORGANIZATION

The Company, which is headquartered in Kansasville, Wisconsin, is a registered broker-dealer. All trades are cleared on a fully disclosed basis. The Company began operations on January 20, 1998.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with maturity of three months or less to be cash equivalents.

ACCOUNTS RECEIVABLE

The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

OTHER ASSETS/AMORTIZATION

Amortizable assets are recorded at cost. Amortization is calculated by the straight-line method over the estimated useful lives of the assets. Total amortization for the years ended December 31, 2004 and 2003 was \$0 and \$183, respectively.

SEE ACCOUNTANT'S REPORT

KEYSTONE SECURITIES, LLC
NOTES TO THE FINANCIAL STATEMENTS - continued
DECEMBER 31, 2004 and 2003

USE OF 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.

SECURITIES - MARKED TO MARKET

At the end of the year all securities are marked-to-market based on the requirements made by the Securities and Exchange Commission. The fair market value of the securities at December 31, 2004 and 2003 was \$ 100,042 and \$49,995, respectively.

INCOME TAXES

The Company is a limited liability company. In lieu of corporation income taxes, the members are taxed on their proportionate share of the Company's taxable income. Therefore no provision or liability for federal income taxes has been included in these financial statements.

CAPITAL REQUIREMENTS

Pursuant to the Securities and Exchange Commission Uniform Net Capital Rule, the Company is required to maintain minimum net capital \$5,000, as defined under Rule 15c3-1. At December 31, 2004 and 2003 the Company had net capital of \$108,198 and \$88,546, respectively.

EXEMPTION FROM RULE 15c3-3

The Company does not collect any customer funds. The Company does not hold any securities for its customers and it clears all transactions with a clearing broker or dealer. Accordingly, the Company meets the exemptive provisions of Rule 15c3-3.

SEE ACCOUNTANT'S REPORT

SUPPLEMENTARY INFORMATION

KEYSTONE SECURITIES, LLC
 COMPUTATION OF NET CAPITAL
 FOR THE YEARS ENDED DECEMBER 31, 2004 & 2003

	<u>2004</u>	<u>2003</u>
Net Worth	\$108,198	\$ 88,705
Less:		
Non-allowable assets	(42)	-
Haircut	<u>-</u>	<u>(1,329)</u>
Net Capital	108,156	87,376
Less: Capital requirement	<u>(5,000)</u>	<u>(5,000)</u>
Excess Capital	<u>\$103,156</u>	<u>\$ 82,376</u>
Aggregate Indebtedness	<u>\$ 2,000</u>	<u>\$ 1,773</u>
Ratio of Aggregate Indebtedness to Net Capital	<u>1.94%</u>	<u>2.15%</u>
<u>Reconciliation of Computation of Net Capital</u>		
NET CAPITAL--As reported in Part IIA Focus	\$108,198	\$ 88,476
Net audit adjustments	<u>-</u>	<u>229</u>
NET CAPITAL--As adjusted	<u>\$108,198</u>	<u>\$ 88,705</u>

SEE ACCOUNTANT'S REPORT