



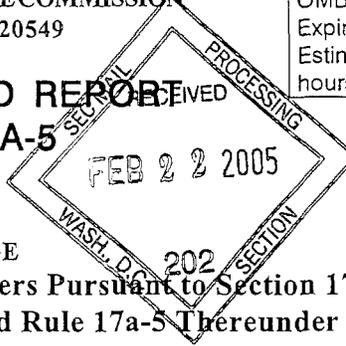
05040034

DATES
SECURITIES AND EXCHANGE COMMISSION
D.C. 20549

11-3-22-05dp

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- 18217

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: *Bluestone Securities Corp.*

OFFICIAL USE ONLY
FIRM I.D. NO.

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

100 Wells Avenue - Suite 200

(No. and Street)

Newton

MA

02459

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
David W. Gottler - Chief Financial Officer 617-558-4007

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Friedman Suvalle & Salomon PC

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

70 Wells Avenue

Newton

MA

02459

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

APR 04 2005 E

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)

KA 3/23

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.

SEC 1410 (06-02)

BD

OATH OR AFFIRMATION

I, David W. Gottler, CFO, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Bluestone Securities Corporation, 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:

David W. Gottler
Signature

Chief Financial Officer
Title

Tatiana M. Hunter
Notary Public

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.

(o) An independent auditor's report on internal accounting control
**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

STEVEN L. FRIEDMAN
ALAN J. SUVALLE
ROBERT S. SALOMON

FRIEDMAN
SUVALLE & SALOMON PC
Certified Public Accountants and Business Consultants

STEVEN B. SCHWARTZ
KENNETH A. BLOOM
JASON S. NUTTALL

Independent Auditors' Report

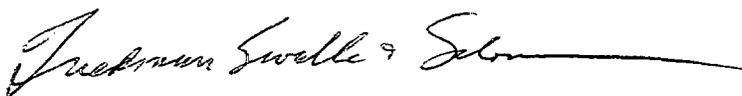
The Board of Directors and Shareholders
Bluestone Securities Corporation

We have audited the accompanying statement of financial condition of Bluestone Securities Corporation as of December 31, 2004, and the related statements of income and retained earnings 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 Bluestone Securities Corporation 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 the supplementary schedules 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 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.



Friedman, Suvalle & Salomon, P.C.
Newton, Massachusetts
January 31, 2005

Bluestone Securities Corporation

Statement of Financial Condition

December 31, 2004

Assets

Current Assets

Cash	\$	36,271
Prepaid expenses		<u>3,296</u>
Total assets	\$	<u>39,567</u>

Liabilities and Stockholder's Equity

Liabilities

Accrued expenses	\$	8,271
Deferred revenue		<u>3,296</u>
Total liabilities		<u>11,567</u>

Stockholder's equity

Common stock, \$.01 par value, 100 shares authorized, issued and outstanding		1
Additional paid-in capital		27,999
Retained earnings		<u>-</u>
Total stockholder's equity		<u>28,000</u>
Total liabilities and stockholder's equity	\$	<u>39,567</u>

See independent auditors' report and notes to financial statements.