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

SEC FILE NUMBER
8-66283

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 1-1-2004 AND ENDING 12-31-2004
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Water Tower Securities, LLC
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

101 Aragon Avenue
(No. and Street)
Coral Gables, Florida 33134
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

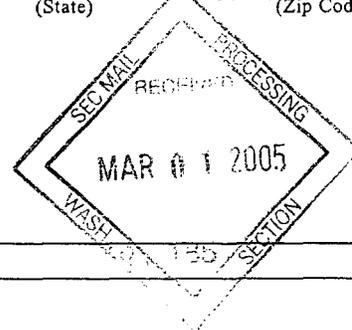
INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PROCESSED

Morrison, Brown, Argiz & Farra LLP
(Name - if individual, state last, first, middle name)
1001 Brickell Bay Drive, 9th Floor Miami Florida 33131
(Address) (City) (State) (Zip Code)

APR 07 2005

THOMSON FINANCIAL



CHECK ONE:

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

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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)

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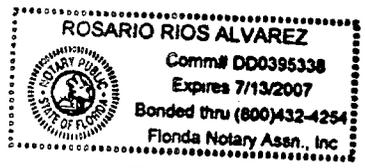
OATH OR AFFIRMATION

I, Dennis M. Finneran, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of _____, 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:

Dennis M. Finneran
Signature

Chief Financial Officer
Title

[Signature]
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.

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

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Member
Water Tower Securities, LLC

We have audited the accompanying statement of financial condition of Water Tower Securities, LLC as of December 31, 2004 and the related statements of operations, changes in member'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 Water Tower 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 9 and 10 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.

Morrison, Brown, Argiz & Farra, LLP

Miami, Florida
January 25, 2005

WATER TOWER SECURITIES, LLC

STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2004

ASSETS

Cash	\$	<u>8,431</u>
	\$	<u>8,431</u>

LIABILITIES AND MEMBER'S EQUITY

Accrued expenses	\$	1,500
Member's Equity		<u>6,931</u>
	\$	<u>8,431</u>

The accompanying notes are an integral part of these financial statements.

WATER TOWER SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Operations

Water Tower Securities, LLC (the "Company") was organized in the State of Illinois in 2002. The Company operates as a broker-dealer in securities and is registered with the National Association of Securities Dealers, Inc. The Company has been inactive since its organization.

Cash

The Company considers cash to include highly liquid investments with purchased maturities of three months or less.

Accounting estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at December 31, 2004 and revenues and expenses during the year then ended. The actual outcome of the estimates could differ from the estimates made in the preparation of the financial statements.

Clearing arrangements

The Company has an agreement with Spear, Leeds and Kellogg, L.P. to provide execution and clearing services on behalf of its customers on a fully disclosed basis.

Income Taxes

The Company is treated as a partnership for federal income tax purposes and does not incur income taxes. Instead, its earnings and losses are included in the personal returns of the members and taxed depending on their personal tax situations. The financial statements do not reflect a provision for income taxes.

WATER TOWER SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 2. RELATED PARTY TRANSACTIONS

On April 22, 2004 the Company entered into an agreement with Guzman & Company ("Guzman"), a company related by common ownership, and that is also a registered broker-dealer. Under the terms of the agreement, the Company will refer its institutional customers to Guzman for execution services. The Company will pay Guzman a \$.02 per transaction fee plus 50% of the commissions received by the Company in excess of \$.02 per share from transactions executed by Guzman on behalf of the Company. In addition, Guzman will provide the Company with rent-free office space, free use of certain computer and office equipment and make available the services of a Chief Financial Officer and of another employee of Guzman at no cost to the Company.

NOTE 3. NET CAPITAL RULE

The Company, as a registered broker-dealer in securities, is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) that requires that the Company maintain "Net Capital" equal to the greater of \$5,000 or 6 2/3% of "Aggregate Indebtedness", as defined. At December 31, 2004, the Company's "Net Capital" was \$6,931 and "Required Net Capital" was \$5,000. The ratio of aggregate indebtedness to net capital should not exceed 15 to 1. At December 31, 2004, the ratio of "Aggregate Indebtedness" to "Net Capital" was .22 to 1.