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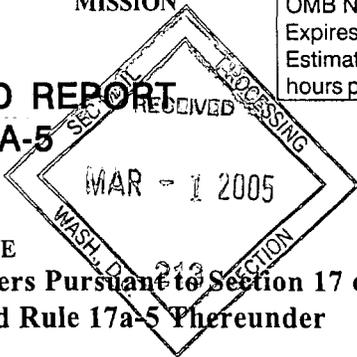
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OMB APPROVAL	
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**



SEC FILE NUMBER
8-47970

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 JANUARY 1, 2004 AND ENDING December 31, 2004
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Fano Securities, LLC
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
55 Broadway 27th floor

OFFICIAL USE ONLY
FIRM I.D. NO.

New York (No. and Street) NY 10006
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Stephen D. Garrow 212-361-3790
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Moore Stephens, P.C.

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

708 Third Avenue New York NY 10017
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED

MAR 29 2005

FOR OFFICIAL USE ONLY
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)

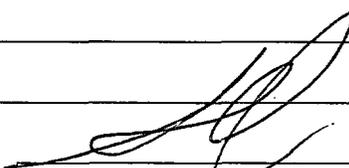
SEC 1410 (06-02)

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.

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OATH OR AFFIRMATION

I, Stephen D. Garrow, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Fano Securities, LLC, 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

CEO

Title



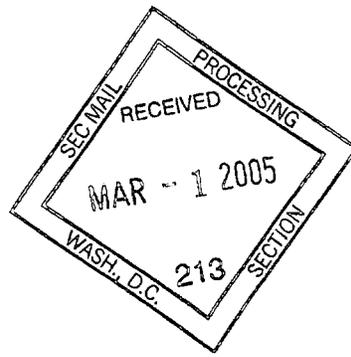
Notary Public

RUSSELL D. MUNVES
Notary Public, State of New York
No. 01MU2818140
Qualified in Nassau County
Commission Expires May 31, 2007

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).



FANO SECURITIES LLC

STATEMENT OF FINANCIAL CONDITION AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2004

REPORT OF INDEPENDENT AUDITOR

To the Members
Fano Securities LLC

We have audited the accompanying statement of financial condition of Fano Securities LLC as of December 31, 2004, that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. This financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement referred to above present fairly, in all material respects, the financial position of Fano Securities LLC as of December 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

Moore Stephens, P.C.

Moore Stephens, P.C.
Certified Public Accountants

New York, New York
February 4, 2005

Fano Securities LLC
Statement of Financial Condition
December 31, 2004

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 728,972
Due from clearing brokers	715,551
Prepaid fund expenses	143,785

1,588,308

PROPERTY AND EQUIPMENT, net 271,288

OTHER ASSETS 15,804

\$ 1,875,400

LIABILITIES AND MEMBERS' CAPITAL

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 60,263
Floor brokerage payable	10,450
Due to affiliate	105,814
Fund expenses payable	332,711
Other liabilities	43,386

552,624

COMMITMENTS AND CONTINGENT LIABILITIES

MEMBERS' CAPITAL 1,322,776

\$ 1,875,400

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

Fano Securities LLC
Notes to Financial Statements

1. THE COMPANY

The Company was organized as a limited liability company on March 3, 1997. It is registered with the Securities and Exchange Commission and is a member of the National Association of Securities Dealers (“NASD”) to act as a broker-dealer and does not carry customer accounts. Under its articles of organization, the Company will cease business on December 31, 2040. The Company is a subsidiary of Fano Holdings Inc. (“the Parent”).

The majority of the Company's clients are located in the United States.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

b. Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided by the straight-line method over the estimated useful lives of the assets ranging from 5 to 10 years.

c. Cash Equivalents

The Company classifies investments with maturity dates of three months or less when purchased as cash equivalents. At December 31, 2004 the Company's cash equivalents consisted principally of money market accounts and a certificate of deposit, which totaled approximately \$353,000.

d. Prepaid Fund Expense/Fund Expenses Payable

The Company provides third party purchased research and services to certain of its customers in exchange for commission income at a multiple of bills paid. For customers for whom research and services has been provided or other expenses incurred and paid but no corresponding commissions have been earned, the Company records a prepaid asset for such payments as of the balance sheet date. The Company reviews these accounts on a customer-by-customer basis and maintains an allowance for doubtful accounts accordingly. At December 31, 2004 the Company believes all accounts are fully collectible.

Fano Securities LLC
Notes to Financial Statements
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

d. Prepaid Fund Expense/Fund Expenses Payable – (Cont'd)

If the Company has earned commissions but has not provided the necessary services, the Company records a fund expense payable as of the balance sheet date at the respective customer's multiple of bills rate.

e. Income Taxes

No provision for income taxes has been made in the accompanying financial statements as the Company has elected to be taxed as a partnership whereby payment of federal and state income taxes is the responsibility of the individual members.

3. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission 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, the Company had net capital of \$858,456, which was \$758,456 in excess of its required net capital of \$100,000. The Company's ratio of aggregate indebtedness to net capital was .64 to 1 at December 31, 2004.

4. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

Equipment	\$ 204,400
Computer software	203,331
Furniture and fixtures	50,654
Leasehold improvements	<u>232,623</u>
Total at cost	691,008
Less: Accumulated depreciation	<u>(419,720)</u>
Net Property and Equipment	<u>\$ 271,288</u>

5. RELATED PARTY TRANSACTIONS

A principal of the accounting firm that provides bookkeeping/tax services to the Company is also a beneficial owner of the Company.

The Company provides trading, brokerage and other related services on behalf of an affiliated (through common ownership) Company. Amounts due as of December 31, is included in the Statement of Financial Condition under due to affiliate.

Fano Securities LLC
Notes to Financial Statements
(Continued)

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards ("SFAS") No.107, "Disclosures about Fair Values of Financial Instruments", requires disclosing fair value to the extent practicable for financial instruments, which are recognized or unrecognized in the balance sheet. The fair value of the financial instruments disclosed herein is not necessarily representative of the amount that could be realized or settled, nor does the fair value amount consider the tax consequences of realization or settlement.

For certain financial instruments, including cash, due from clearing brokers, accounts payable and accrued expenses, and floor brokerage payable, it is assumed that the carrying amount approximates fair value because of the near term maturities of such instruments.

9. CREDIT/CONCENTRATION RISKS

- a. The Company maintains balances in financial institutions which may periodically exceed the maximum levels of insurance provided by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). At December 31, 2004, such excess amounted to approximately \$666,000.
- b. The Company does not require collateral or other security to support financial instruments subject to credit risk.

10. DEFINED CONTRIBUTION PLAN

The Company maintains a profit sharing plan. The plan covers all eligible employees. The Company contributes to the plan on a discretionary basis. The Company will not make a contribution to the plan for the year ended December 31, 2004.

11. SUBSEQUENT EVENTS

In February, 2005 the Company subleased approximately 7,000 square feet of space in Purchase, New York. The two year sublease expires in 2007.

The Company relocated its offices to New York, New York in February 2005.

REPORT ON INTERNAL CONTROL STRUCTURE
REQUIRED BY THE SECURITIES AND EXCHANGE COMMISSION RULE 17a-5

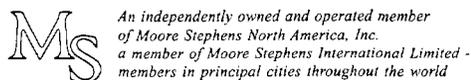
To the Members
Fano Securities LLC

In planning and performing our audit of the financial statements and supplementary schedules of Fano 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 the internal control.

Also, as required by rule 17a-5(g)(1) of the Securities 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 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 accordance with generally accepted accounting principles 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, 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 the 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 the 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 as of 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, the National Association of Securities Dealers, 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.

Moore Stephens, P.C.

Moore Stephens, P.C.
Certified Public Accountants

New York, New York
February 4, 2005