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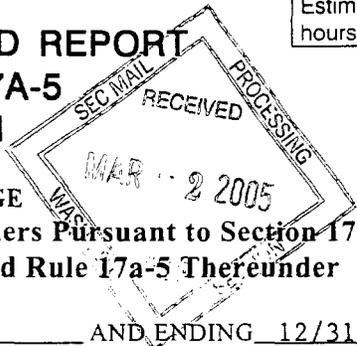
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OMB APPROVAL	
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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

SEC FILE NUMBER  
8- 30931



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: Pace Capital Corp.

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

950 3rd Avenue - 17th Floor

(No. and Street)

New York

NY

10017

(City)

(State)

(Zip Code)

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

Paul Kreindler

(212) 832-2441

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Cornick, Garber & Sandler, LLP

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

630 3rd 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 31 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)

SO 3/30/05

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.

Handwritten initials and date 3/25

OATH OR AFFIRMATION

I, Paul Kreindler, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Pace Capital Corp., 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:

No exceptions

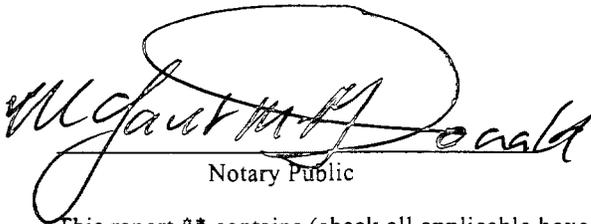
  
Signature

President

Title

MARGARET M. McDONALD  
Notary Public, State of New York  
No. 31-4656382  
Qualified in New York County

Commission Expires January 31, 200 6

  
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) Independent Auditors' Report on Internal Control Structure.

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

(p) Statement of Cash Flows.

**PACE CAPITAL CORP.  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
INTERNAL CONTROL STRUCTURE  
DECEMBER 31, 2004**

**PACE CAPITAL CORP.**

**FINANCIAL REPORT**

**DECEMBER 31, 2004**

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**Independent Auditors' Report****Board of Directors  
Pace Capital Corp.**

We have audited the accompanying statement of financial condition of PACE CAPITAL CORP. as at December 31, 2004 and the related statements of income, changes in stockholder'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 generally accepted auditing standards in the United States. 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 Pace Capital Corp. as at December 31, 2004, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I 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 of 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.

*Cornick, Garber & Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

**New York, New York  
January 28, 2005**

**PACE CAPITAL CORP.****STATEMENT OF FINANCIAL CONDITION****AS AT DECEMBER 31, 2004****ASSETS**

Cash	\$	36,025
Prepaid expenses		<u>1,550</u>
<b>TOTAL</b>	<b>\$</b>	<b><u><u>37,575</u></u></b>

**LIABILITIES**

Accrued expenses	\$	<u>6,500</u>
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**STOCKHOLDER'S EQUITY**

Common stock, no par value; authorized 200 shares; issued and outstanding 10 shares at stated value		5,000
Additional paid-in capital		24,000
Retained earnings		<u>2,075</u>
<b>Total stockholder's equity</b>		<u><u>31,075</u></u>
<b>TOTAL</b>	<b>\$</b>	<b><u><u>37,575</u></u></b>

The notes to financial statements are made a part hereof.

## PACE CAPITAL CORP.

## STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2004

Commission income		\$	5,542
Administrative service income			<u>12,000</u>
<b>Total revenues</b>			<b>17,542</b>
<b>Expenses:</b>			
Commission expense	\$	7,500	
Dues and fees		1,929	
Accounting		1,250	
Insurance expense		<u>604</u>	<u>11,283</u>
<b>Income before income taxes</b>			<b>6,259</b>
<b>Income taxes</b>			<u>977</u>
<b>NET INCOME</b>			<u><u>\$ 5,282</u></u>

The notes to financial statements are made a part hereof.

## PACE CAPITAL CORP.

## STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Total</u>
	<u>Stock</u>	<u>Amount</u>	<u>Paid-in</u>	<u>Earnings</u>	<u>Stockholder's</u>
			<u>Capital</u>	<u>(Deficit)</u>	<u>Equity</u>
Balance - January 1, 2004	10	\$ 5,000	\$ 24,000	\$ (3,207)	\$ 25,793
Net income				5,282	5,282
Balance - December 31, 2004	<u>10</u>	<u>\$ 5,000</u>	<u>\$ 24,000</u>	<u>\$ 2,075</u>	<u>\$ 31,075</u>

The notes to financial statements are made a part hereof.

**PACE CAPITAL CORP.****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2004****INCREASE (DECREASE) IN CASH****Cash flows from operating activities:**Net income \$ 5,282Adjustments to reconcile results of operations  
to net cash effect of operating activities:Net increase in prepaid expenses (1,080)Net increase in accrued expenses 2,945**Total adjustments** 1,865**Net cash provided by operating activities** 7,147**NET INCREASE IN CASH** 7,147Cash - January 1, 2004 28,878**CASH - DECEMBER 31, 2004** \$ 36,025

The notes to financial statements are made a part hereof.

**PACE CAPITAL CORP.****NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2004****NOTE A - Principal Business Activity and Summary of Significant Accounting Policies**

Pace Capital Corp. is a registered broker-dealer of securities. The Company's commission income, which is recognized on the accrual basis when earned, has been derived from the sale of and fees related to four mutual fund organizations. The Company has an agreement to provide administrative support services to a third party at a fee of \$1,000 per month. The Company operates on the premises of its parent corporation and receives certain additional administrative support from the parent, for which no charges are made to the Company.

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

**NOTE B - Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital (Rule 15c 3-1), 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 \$29,525, which was \$24,525 in excess of the net required minimum capital of \$5,000. The ratio of aggregate indebtedness to net capital was .22 to 1 at December 31, 2004.

**NOTE C - Commission Income**

Three funds accounted for 94% of commission income in 2004, with the largest fund accounting for 51% of the total.

**NOTE D - Income Taxes**

The provision for income taxes is comprised of federal, state and local income taxes, which are currently payable.

**NOTE E - Commission Expense**

The commission expense for the year ended December 31, 2004 was paid to an officer and shareholder of the Company's parent.

**SUPPLEMENTARY SCHEDULE**

## PACE CAPITAL CORP.

COMPUTATION OF NET CAPITAL UNDER RULE  
15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION

AS AT DECEMBER 31, 2004

**Net Capital:**

Capital stock	\$ 5,000
Additional paid-in capital	24,000
Retained earnings	<u>2,075</u>

**Total stockholder's equity qualified  
for net capital and total capital** 31,075

Deductions (nonallowable assets) 1,550

Net capital 29,525

Minimum net capital required 5,000

**Excess net capital** \$ 24,525

**Capital Ratio:**

Aggregate indebtedness to net capital .22 to 1

**Reconciliation with Company's computation  
(included in Part II of Form X-17A-5 as of December 31, 2004)**

**Net capital as reported in Company's Part II  
(unaudited) FOCUS Report** \$ 30,025

**Adjustments to deduct nonallowable assets from  
net capital computation:**

Prepaid expenses (500)

29,525

**Audit adjustments:**

Additional accrued expenses 500

Additional prepaid expenses (500)

**Net capital as per above** \$ 29,525

**To the Members of  
Pace Capital Corp.  
950 Third Avenue  
New York, NY 10022**

In planning and performing our audit of the financial statements and supplemental schedule of Pace Capital Corp. (the Company) for the year ended December 31, 2004, we considered its internal control structure, including procedures 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 structure.

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 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)(II) 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 an internal control structure 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 internal control structure policies and procedures 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 an internal control structure 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. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

To the Members of  
Pace Capital Corp.

Page Two

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities 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 structure would not necessarily disclose all matters in the internal control structure 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 structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure, including procedures 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 use of the Board of Directors, 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 should not be used by anyone other than these specified parties.

*Cornick, Garber & Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
January 28, 2005