

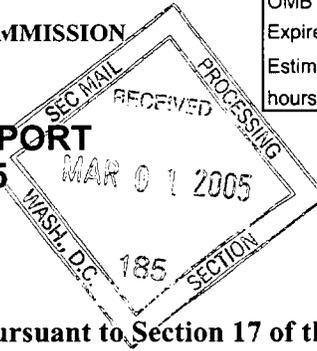


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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

AA 3/24/2005\*

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: January 31, 2007  
Estimated average burden  
hours per response . . . 12.00



SEC FILE NUMBER  
8-66097

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

**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 07/18/03 AND ENDING 12/31/04  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

PCS Dunbar Securities LLC  
(formerly known as Dunbar Securities LLC)  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
2 Manhattanville Road, Suite 205A

OFFICIAL USE ONLY  
FIRM ID. NO.

Purchase, NY 10577  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
David Staudinger (914) 694-3700  
(Area Code -- Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

Rothstein, Kass & Company, P.C.  
(Name -- if individual, state last, first, middle name)  
85 Livingston Avenue Roseland New Jersey 07068  
(Address) (City) (State) (Zip Code)

- CHECK ONE:  
 Certified Public Accountant  
 Public Accountant  
 Accountant not resident in United States or any of its possessions

PROCESSED  
B 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).

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.

OATH OR AFFIRMATION

I, David Staudinger, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of PCS Dunbar 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]*  
Signature  
*Managing Member*  
Title

*[Signature]*  
\_\_\_\_\_  
Notary Public

MICHELLE JANNIELLO  
Notary Public, State Of New York  
No.01JA6085119  
Qualified In New York County  
Commission Expires December 23, 2006

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 Proprietor's 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 15c3-1 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 auditor's report on internal accounting control.
- (p) Schedule of segregation requirements and funds in segregation--customers' regulated commodity futures account pursuant to Rule 171-5.

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

**PCS DUNBAR SECURITIES LLC**  
(formerly known as Dunbar Securities LLC)

STATEMENT OF FINANCIAL CONDITION  
AND  
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2004

**PCS DUNBAR SECURITIES LLC**  
(formerly known as Dunbar Securities LLC)

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## INDEPENDENT AUDITORS' REPORT

To the Members of  
PCS Dunbar Securities LLC  
(formerly known as Dunbar Securities LLC)

We have audited the accompanying statement of financial condition of PCS Dunbar Securities LLC (formerly known as Dunbar Securities LLC) as of December 31, 2004. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of PCS Dunbar Securities LLC (formerly known as Dunbar Securities LLC) as of December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

*Rothstein, Kass & Company, P.C.*

Roseland, New Jersey  
February 15, 2005

# PCS DUNBAR SECURITIES LLC

(formerly known as Dunbar Securities LLC)

## STATEMENT OF FINANCIAL CONDITION

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December 31, 2004

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### ASSETS

Cash and cash equivalents	\$	332,976
Other assets		<u>47,424</u>
	\$	<u>380,400</u>

### LIABILITIES AND MEMBERS' EQUITY

Accounts payable and accrued expenses	\$	12,000
Members' equity		<u>368,400</u>
	\$	<u>380,400</u>

# PCS DUNBAR SECURITIES LLC

(formerly known as Dunbar Securities LLC)

## NOTES TO FINANCIAL STATEMENTS

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### 1. Nature of operations

In July 2003, PCS Dunbar Securities LLC (formerly known as Dunbar Securities LLC) ("the Company"), was organized under the laws of the State of Delaware as a limited liability company. Since February 2004, the Company is a broker-dealer registered with the Securities and Exchange Commission ("SEC") pursuant to section 15b of the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. ("NASD"). The Company plans to engage in the business activity of institutional brokerage of OTC and listed equities on an unsolicited and agency basis.

The Company does not carry accounts for customers or perform custodial functions related to securities. The Company will clear its securities transactions on a fully disclosed basis through its clearing broker.

### 2. Summary of significant accounting policies

#### *Basis of Presentation*

The financial statements cover the period from July 18, 2003 (date of inception) to December 31, 2004. They include losses from operations of \$9,704 from July 18, 2003 to December 31, 2003, which were incurred prior to the Company's registration as a broker-dealer with the SEC.

#### *Cash and Cash Equivalents*

The Company considers overnight deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

#### *Income Taxes*

The Company is a limited liability company. Accordingly, no income taxes are incurred by the company as income and losses flow directly to the members.

#### *Use of Estimates*

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

### 3. Commitments and contingencies

#### *Credit Line*

The Company has an available line of credit from a financial institution for \$40,000. The credit line bears interest at defined rates based upon two different indexes and expires in May 2005. No amounts were outstanding at December 31, 2004.

# PCS DUNBAR SECURITIES LLC

(formerly known as Dunbar Securities LLC)

## NOTES TO FINANCIAL STATEMENTS

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### 4. Net capital requirement

The Company, as a member of the NASD, will be subject to the SEC Uniform Net Capital Rule 15c3-1. This Rule requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 8 to 1 in the initial year of operations and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2004, the Company's net capital was approximately \$321,000, which was approximately \$316,000 in excess of its minimum requirement of \$5,000.

### 5. Exemption from Rule 15c3-3

The Company is exempt from the SEC Rule 15c3-3 pursuant to the exemptive provision under sub-paragraph (k)(2)(ii) and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers."

### 6. Off-balance sheet risk

Pursuant to a tentative clearance agreement, the Company will introduce all of its securities transactions to its clearing broker on a fully-disclosed basis. All of the customers' money balances and long and short security positions are to be carried on the books of the clearing broker. In accordance with the clearance agreement the Company will indemnify the clearing broker for losses if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing broker will monitor collateral on the customers' accounts.

In the normal course of business, the Company's customer activities will involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

### 7. Subsequent event

On January 10, 2005, the Company commenced operations as a broker dealer.