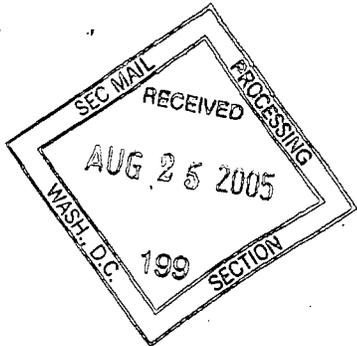


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SEC 05043389 MISSION
Washington, D.C. 20549

VP 8-29-05
OMB APPROVAL
OMB Number: 3235-0123
Expires: January 31, 2007
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8-03425

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 07/01/04 AND ENDING 06/30/05
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: VENECREDIT SECURITIES, INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1111 BRICKELL AVENUE SUITE 1580
(No. and Street)
MIAMI FL 33131
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
ALFONSO OSORIO 305-3722446
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

CROWE CHIZEK AND COMPANY, LLC
(Name - if individual, state last, first, middle name)
6750 NORTH ANDREWS AVE SUITE 200 FT. LAUDERDALE, FL 33309
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED

SEP 02 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)

VP
08/11/05

OATH OR AFFIRMATION

I, ALFONSO OSORIO, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of VENCREDIT SECURITIES, INC., as of JUNE 30TH, 20 05, 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:

GERMAN GARCIA-VELUTINI (DIRECTOR)
VENCRED, S.A. (PROPRIETOR)


Signature

PRESIDENT
Title


Notary Public



Najib Nicolas
My Commission DD304131
Expires March 25, 2008

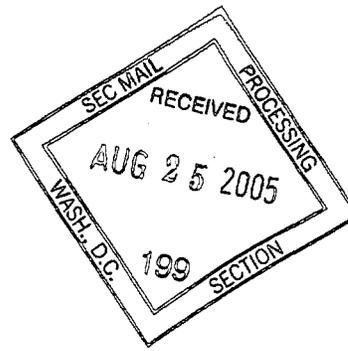
This report ** contains (check all applicable boxes):

- (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).



Crowe Chizek and Company LLC
Member Horwath International



Board of Directors
Venecredit Securities, Inc.
Miami, Florida

In planning and performing our audit of the financial statements of Venecredit Securities, Inc. for the year ended June 30, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Our consideration of 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 one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by 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 internal control and its operation that we consider to be material weaknesses as defined above.

* * * * *

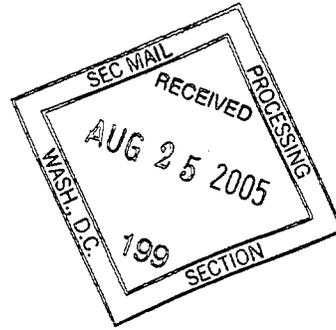
This report is intended solely for the information and use of the Board of Directors, management and others within the organization and regulatory agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Chizek and Company LLC
Crowe Chizek and Company LLC

Fort Lauderdale, Florida
July 14, 2005



Crowe Chizek and Company LLC
Member Horwath International



Board of Directors
Venecredit Securities, Inc.
Miami, Florida

To assist the Board of Directors in overseeing the financial reporting and disclosure process for which management is responsible, we are submitting this letter to the Board of Directors. The matters communicated include selected responsibilities of each of the parties and the audit process.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

The Board of Directors should understand that an audit conducted in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, but not absolute, assurance about whether the financial statements are free from material misstatement. Similarly, under these same standards, the auditor obtains a sufficient understanding of internal control to plan the audit, but this understanding and the tests of selected internal controls that are performed are not sufficient for the auditor to express an opinion on the effective operation of internal control.

SIGNIFICANT ACCOUNTING POLICIES

The Board of Directors should be informed of the initial selection of and changes in significant accounting policies or their application. Also, the Board of Directors should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform the Board of Directors about such matters. To assist the Board of Directors in its oversight role, we direct your attention to the notes to the financial statements where significant accounting policies are disclosed.

MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management's current judgments and may be subject to significant change in the near term.

There were no significant estimates in the 2005 financial statements.

AUDIT ADJUSTMENTS

We are responsible for informing the Board of Directors about adjustments to the financial statements arising from our audit that could, in our judgment, have a significant effect on your financial reporting process, including the potential that future financial statements could be materially misstated.

We are also responsible for informing the Board of Directors about uncorrected financial statement misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

A schedule of audit adjustments and uncorrected financial statement misstatements is attached to this letter.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

The Board of Directors often considers information prepared by management that accompanies the financial statements, such as a President's Letter. To assist your consideration of this information, you should know that we are required by auditing standards generally accepted in the United States of America to read such information and consider whether such information, or the manner of its presentation, is materially inconsistent with information in the financial statements. If we consider the information materially inconsistent based on this reading, we are to seek a resolution of the matter.

We are not aware of any such information accompanying the financial statements.

DISAGREEMENTS WITH MANAGEMENT

We are required to discuss with the Board of Directors any disagreements with management over the application of accounting principles or the basis for management's judgment about accounting estimates.

During our audit, there were no disagreements with management.

CONSULTATION WITH OTHER ACCOUNTANTS

If management consulted with other accountants about auditing and accounting matters, we are to inform the Board of Directors of such consultation, if we are aware of it, and provide our views on the matters discussed.

We are not aware of any instances where management consulted with other accountants about matters which might affect your financial statements since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.

MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO RETENTION

We are to discuss with the Board of Directors any major issues discussed with management in connection with our retention as auditors, including the application of accounting principles or auditing standards.

There were no such issues discussed with management in connection with our retention as auditors.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We are to inform the Board of Directors of any serious difficulties encountered in dealing with management related to the performance of the audit.

There were no difficulties encountered in dealing with management related to the performance of the audit.

This letter is intended solely for the information and use of the Board of Directors, management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties. We were pleased to serve your Company as its independent auditors. We provide the above information to assist you in performing your oversight responsibilities, and would be pleased to discuss this letter or any matters further, should you desire.

Crowe Chizek and Company LLC
Crowe Chizek and Company LLC

Fort Lauderdale, Florida
July 14, 2005

ATTACHMENT

Audit Adjustments

<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
Accrued Income Tax	\$ 21,039	
Deferred Tax Asset		\$ 19,807
Income Tax Expense		1,232

To record year-end adjustment to income tax expense and related tax accounts.

Uncorrected Financial Statement Misstatements

<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
Accounts Receivable	\$ 4,337	
Accounts Payable		\$ 4,337

To accrue for unpaid legal fees as of year end.

Rent Expense	\$ 430	
Accrued Expenses		\$ 430

To record rent expense in accordance with GAAP.

Other Income	\$ 3,000	
Retained Earnings		\$ 3,000

To reflect legal fees expensed and paid by the Company in fiscal year 2004 that were reimbursed by an employee in fiscal year 2005.



VENECREDIT SECURITIES, INC.
(A Wholly-Owned Subsidiary of Vencred, S.A.)
Miami, Florida

FINANCIAL STATEMENTS
June 30, 2005 and 2004

VENECREDIT SECURITIES, INC.
(A Wholly-Owned Subsidiary of Vencred, S.A.)
Miami, Florida

FINANCIAL STATEMENTS
June 30, 2005 and 2004

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Crowe Chizek and Company LLC
Member Horwath International

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Shareholder
Venecredit Securities, Inc.
Miami, Florida

We have audited the accompanying statements of financial condition of Venecredit Securities, Inc. as of June 30, 2005 and 2004 and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended. 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 audits.

We conducted our audits 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 audits provide 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 Venecredit Securities, Inc. as of June 30, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page 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 and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audits 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.

Crowe Chizek and Company LLC
Crowe Chizek and Company LLC

Fort Lauderdale, Florida
July 14, 2005

VENE CREDIT SECURITIES, INC.
STATEMENTS OF FINANCIAL CONDITION
June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
ASSETS		
Due from depository institutions	\$ 317,595	\$ 320,116
Commercial paper	<u>758,760</u>	<u>--</u>
Cash and cash equivalents	1,076,355	320,116
Time deposits	--	504,393
Commissions and fees receivable	15,955	30,000
Office furnishings, equipment, and leasehold improvements, at cost, less accumulated depreciation of \$67,899 in 2005 and \$56,934 in 2004	19,505	29,411
Prepaid expenses and other assets	<u>176,536</u>	<u>285,442</u>
	<u>\$ 1,288,351</u>	<u>\$ 1,169,362</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
Liabilities		
Accounts payable	\$ 492	\$ 5,395
Accrued commissions	57,302	35,971
Accrued expenses and other liabilities	<u>15,687</u>	<u>7,500</u>
	73,481	48,866
Stockholder's equity	<u>1,214,870</u>	<u>1,120,496</u>
	<u>\$ 1,288,351</u>	<u>\$ 1,169,362</u>

See accompanying notes to financial statements.

VENE CREDIT SECURITIES, INC.
STATEMENTS OF OPERATIONS
Years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenue:		
Commissions	\$ 746,808	\$ 1,207,082
Interest income	5,879	8,523
Other income	<u>124,821</u>	<u>142,002</u>
	877,508	1,357,607
Expenses:		
Compensation and benefits	280,547	270,087
Commission expense	212,135	300,214
Professional services	61,524	114,853
Occupancy and equipment	55,864	70,220
Other	<u>114,748</u>	<u>107,116</u>
	<u>724,818</u>	<u>862,490</u>
Income before income taxes	152,690	495,117
Income taxes	<u>58,316</u>	<u>73,474</u>
Net income	<u>\$ 94,374</u>	<u>\$ 421,643</u>

See accompanying notes to financial statements.

VENE CREDIT SECURITIES, INC.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
Years ended June 30, 2005 and 2004

Balance at July 1, 2003	\$ 698,853
Net income	<u>421,643</u>
Balance at June 30, 2004	1,120,496
Net income	<u>94,374</u>
Balance at June 30, 2005	<u>\$ 1,214,870</u>

See accompanying notes to financial statements.

VENECREDIT SECURITIES, INC.
 STATEMENTS OF CASH FLOWS
 Years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities		
Net income	\$ 94,374	\$ 421,643
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation	10,965	21,556
Changes in assets and liabilities		
Commissions receivable and other assets	122,951	(134,271)
Accounts payable	(4,903)	1,995
Accrued expenses and other liabilities	<u>29,518</u>	<u>18,596</u>
Net cash from operating activities	252,905	329,519
Cash flows from investing activities		
Net change in time deposits	504,393	(504,393)
Purchases of office furnishings and equipment	<u>(1,059)</u>	<u>--</u>
Net cash from investing activities	<u>503,334</u>	<u>(504,393)</u>
Net change in cash	756,239	(174,874)
Cash and cash equivalents at beginning of year	<u>320,116</u>	<u>494,990</u>
Cash and cash equivalents at end of year	<u>\$ 1,076,355</u>	<u>\$ 320,116</u>
Supplemental disclosures:		
Interest paid	\$ --	--
Income taxes paid	(62,216)	244,000

See accompanying notes to financial statements.

VENE CREDIT SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business: Venecredit Securities, Inc. (the Company) was formed in May 2001 and is a broker-dealer registered with the Securities and Exchange Commission (SEC). The Company commenced operations in March 2002. The Company is a wholly-owned subsidiary of Vencred, S.A. (Vencred). The Company offers securities transaction services to its customers. As the Company is not a member of a stock exchange, the Company clears its securities transactions on a fully-disclosed basis through Pershing LLC, a subsidiary of The Bank of New York (Pershing). The Company primarily operates in South Florida and Venezuela.

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.

Statement of Cash Flows: The Company considers cash on hand, amounts due from depository institutions and short-term investments having an initial maturity of three months or less as cash and cash equivalents for purposes of the statement of cash flows.

Revenue Recognition: Securities transactions and related commission revenue and expense are recorded on a settlement date basis, generally the third business day following the trade date. The effect on the financial statements of using the settlement date basis rather than the trade date basis is not material.

Financial Instruments with Off-Balance-Sheet Risk: The Company, under the correspondent agreement with its clearing broker, has agreed to indemnify the clearing broker from damages or losses resulting from customer transactions. The Company is, therefore, exposed to off-balance-sheet risk of loss in the event that customers are unable to fulfill contractual obligations including their obligations under margin accounts, which had a balance of \$10,638,240 outstanding at June 30, 2005.

Office Furnishings, Equipment, and Leasehold Improvements: Office furnishings, equipment, and leasehold improvements are stated at cost, less accumulated depreciation that is computed using the straight-line method. Office furnishings and equipment are depreciated over their useful lives, which range from three to five years. Leasehold improvements are depreciated over the lesser of their useful lives or the remaining lease term, which range from six to seven years.

(Continued)

VENE CREDIT SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

Income Taxes: Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

NOTE 2 - FULLY-DISCLOSED CLEARING AGREEMENT

In 2002, the Company entered into a fully-disclosed clearing agreement with Pershing whereby customer accounts are cleared and carried by Pershing. The agreement calls for the Company to maintain a deposit balance in an account maintained by Pershing. At June 30, 2005 and 2004, the Company had \$100,000 of cash on deposit to satisfy this requirement and this is included in other assets on statement of financial condition. Either party may terminate the agreement without cause upon the receipt of 90 days written notice.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

As of June 30, 2005 and 2004, the Company had concentrations of credit risk with depository institutions in the form of bank accounts, time deposits and clearing deposits, as well as with commercial entities in the form of commercial paper. Amounts due from depository institutions and commercial paper at year end were as follows.

	<u>2005</u>	<u>2004</u>
Due From Depository Institutions:		
Bank of America	\$ 239,777	\$ 747,066
Pershing	177,293	175,669
Other	525	1,774
Commercial Paper:		
Toyota Corp.	253,667	--
American Express Corp.	253,105	--
General Electric Corp.	251,988	--

(Continued)

VENE CREDIT SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 4 - INCOME TAXES

Income tax expense was as follows.

	<u>2005</u>	<u>2004</u>
Current	\$ 32,330	\$ 157,266
Deferred	25,986	29,409
Valuation allowance	<u>--</u>	<u>(113,201)</u>
	<u>\$ 58,316</u>	<u>\$ 73,474</u>

Year-end deferred tax assets and liabilities were due to the following.

	<u>2005</u>	<u>2004</u>
Deferred tax assets:		
Fixed asset depreciation	\$ 10,049	\$ 8,745
Capitalized organizational costs	<u>47,757</u>	<u>75,047</u>
	<u>\$ 57,806</u>	<u>\$ 83,792</u>

The federal statutory rate for the Company is 34%. Effective tax rates differ from the federal statutory rate applied to financial statement income due to the effect of state income taxes and other miscellaneous items.

NOTE 5 - LEASE COMMITMENT

In 2001, the Company entered into an operating lease for office space extending through 2008. Rent commitments under this noncancelable operating lease were as follows, before considering renewal options that are present.

2006	\$ 41,110
2007	42,747
2008	<u>44,463</u>
	<u>\$ 128,320</u>

(Continued)

VENE CREDIT SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 6 - RELATED PARTIES

For the years ended June 30, 2005 and 2004, Vencred's net billings to the Company for costs incurred on the Company's behalf totaled \$3,792 and \$3,087, respectively.

Additionally, for the year ended June 30, 2004, commission revenue of \$80,037 was received from related parties for which the Company did not incur commission expense. For the year ended June 30, 2005, no commission revenue was received for which the Company did not incur commission expense.

NOTE 7 - CASH RESERVE COMPUTATION

The Company is exempt from the provisions of Rule 15c3-3, "Customer Protection: Reserves and Custody of Securities" under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(ii) of the Rule.

NOTE 8 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC 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 June 30, 2005 and 2004, the Company had net capital of \$1,101,718 and \$872,331, which was \$1,096,718 and \$867,331 in excess of its required net capital. The Company's net capital ratio was 0.0667 to 1 at June 30, 2005 and 0.0560 to 1 at June 30, 2004.

SUPPLEMENTARY INFORMATION

VENECREDIT SECURITIES, INC.
 SCHEDULE OF THE COMPUTATION OF NET CAPITAL
 PURSUANT TO RULE 15c3-1
 June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Total stockholder's equity	\$ 1,214,870	\$ 1,120,496
Deductions and/or charges		
Net office furniture and equipment	19,505	29,411
Other nonallowable assets	<u>93,016</u>	<u>216,888</u>
	<u>112,521</u>	<u>246,299</u>
Net capital before haircuts on securities	1,102,349	874,197
Haircuts on securities	<u>(631)</u>	<u>(1,866)</u>
Net capital	<u>\$ 1,101,718</u>	<u>\$ 872,331</u>
Aggregate indebtedness		
Items included in statement of financial condition		
Accounts payable	\$ 492	\$ 5,395
Accrued commissions	57,302	35,971
Accrued expenses and other liabilities	<u>15,687</u>	<u>7,500</u>
Total aggregate indebtedness	<u>\$ 73,481</u>	<u>\$ 48,866</u>
Aggregate indebtedness to net capital	<u>6.67%</u>	<u>5.60%</u>
Computation of basic net capital requirement		
Minimum net capital required	\$ 5,000	\$ 5,000
Net capital	<u>1,101,718</u>	<u>872,331</u>
Excess net capital	<u>\$ 1,096,718</u>	<u>\$ 867,331</u>



Crowe Chizek and Company LLC
Member Horwath International

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5

Board of Directors and Stockholder
Venecredit Securities, Inc.
Miami, Florida

In planning and performing our audits of the financial statements of Venecredit Securities, Inc. for the year ended June 30, 2005, 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 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 (or aggregate debits) 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. 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, 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 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 internal control, 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 June 30, 2005 to meet the SEC's objectives.

This report is intended solely for the information and 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 is not intended to be and should not be used by anyone other than these specified parties.


Crowe Chizek and Company LLC

Fort Lauderdale, Florida
July 14, 2005