



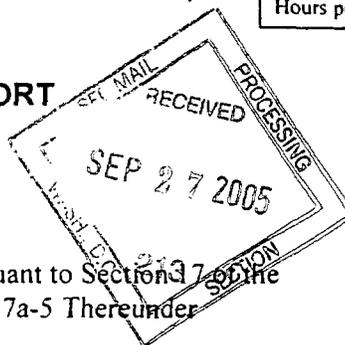
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

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



SEC FILE NUMBER  
8-65230

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: Pinnacle Group Securities, LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

570 Lexington Avenue, 25<sup>th</sup> floor

(No. and Street)

New York

New York

10022

(City)

(State)

(Zip Code)

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

Howard Spindel

(212) 509-7800

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Kaufman Rossin & Co., P.A.

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

2699 S. Bayshore Drive

Miami

Florida

33133

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

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OCT 04 2005  
THOMSON  
FINANCIAL

FOR OFFICIAL USE ONLY

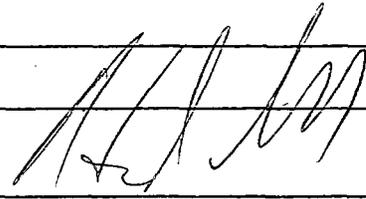
\*Claims for exemption from the requirement that the annual report be covered by the opinion public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17 a-5(e) (2)

BB CA 10/3/05

OATH OR AFFIRMATION

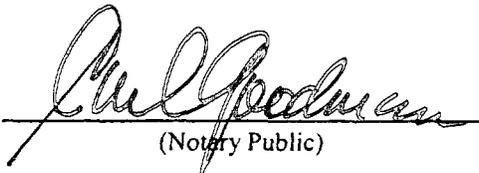
I, Howard Spindel, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Pinnacle Group Securities, LLC, as of June 30 2005, are true and correct. I further swear (or affirm) that neither the company nor 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)

Chief Financial Officer (pursuant to NASD Rule 1022)  
(Title)

  
(Notary Public)

CARL GOODMAN  
Notary Public, State of New York  
No. 01G09821038  
Qualified in Rockland County  
Commission Expires March 30, 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. (Cash Flows)
- (e) Statement of Changes in Member's 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 required by CFTC Regulation 1.16 and SEC Rule 17a-5.

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

A report containing a statement of financial condition has been included; accordingly it is requested that this report be given confidential treatment.

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## INDEPENDENT AUDITORS' REPORT

To the Member  
Pinnacle Group Securities, LLC  
New York, New York

We have audited the accompanying statement of financial condition of Pinnacle Group Securities, LLC as of June 30, 2005, 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 Pinnacle Group Securities, LLC as of June 30, 2005, 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 supplementary information on pages 8 and 9 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 our 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.

*Kaufman, Rossin & Co.*

Miami, Florida  
September 20, 2005

**PINNACLE GROUP SECURITIES, LLC**  
STATEMENT OF FINANCIAL CONDITION  
JUNE 30, 2005

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**ASSETS**

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CASH AND CASH EQUIVALENTS \$ 29,285

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**LIABILITIES AND MEMBER'S EQUITY**

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LIABILITIES

Accounts payable and accrued liabilities \$ 8,650

Due to related parties (Note 4) 30

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Total liabilities 8,680

MEMBER'S EQUITY 20,605

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\$ 29,285

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See accompanying notes.

**PINNACLE GROUP SECURITIES, LLC**  
STATEMENT OF OPERATIONS  
YEAR ENDED JUNE 30, 2005

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**REVENUES**

Interest and dividends	\$	332
Other revenue		200
Total revenues		532

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**EXPENSES**

Contract services		9,702
Salaries		3,036
Insurance		380
Licenses and permits		2,127
Other general and administrative		30
Professional fees		11,600
Rent		6,588
Total expenses		33,463
Expense reimbursement waived by related parties (Note 4)	(	27,475)
Net expenses		5,988

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<b>NET LOSS</b>	\$	( 5,456)
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See accompanying notes.

**PINNACLE GROUP SECURITIES, LLC**  
STATEMENT OF CHANGES IN MEMBER'S EQUITY  
YEAR ENDED JUNE 30, 2005

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Member's Equity as of June 30, 2004	\$	26,061
Net loss	(	5,456)
<b>Member's Equity as of June 30, 2005</b>	<b>\$</b>	<b>20,605</b>

See accompanying notes.

**PINNACLE GROUP SECURITIES, LLC**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2005**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net loss	\$( 5,456)
Adjustments to reconcile net loss to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Accounts payable and accrued liabilities	3,100
Total adjustments	3,100
Net cash used in operating activities	( 2,356)

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Repayments to related parties	( 6,012)
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**NET DECREASE IN CASH AND CASH EQUIVALENTS** ( 8,368)

**CASH AND CASH EQUIVALENTS - BEGINNING** 37,653

**CASH AND CASH EQUIVALENTS - ENDING** \$ 29,285

Cash paid for interest	\$ -
Cash paid for income taxes	\$ -

See accompanying notes.

**PINNACLE GROUP SECURITIES, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1. ORGANIZATION**

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Pinnacle Group Securities, LLC (the "Company") is registered with the Securities and Exchange Commission (the "SEC") as a broker-dealer and is a member of the National Association of Securities Dealers, Inc. ("NASD"). The Company is wholly owned by Amarillo ("Amarillo") PFI Corp. as of June 30, 2005.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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*Use of Estimates in the Preparation of Financial Statements*

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.

*Cash and Cash Equivalents*

The Company considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

*Fees*

Fees and related expenses are recorded on a trade-date basis as transactions occur.

*Income Taxes*

No provision for federal or state income taxes has been made since the Company is not a taxable entity and the beneficial owner of the member is liable for the taxes of the Company's income or loss.

**NOTE 3. ECONOMIC DEPENDENCY**

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A significant portion of the Company's working capital has been obtained from funds provided by its parent. The Company's liquidity position during the year ending June 30, 2006 is significantly dependent upon the availability of continued funding from its Parent. The Parent has committed to funding the Company's operations through June 30, 2006.

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**NOTE 4. RELATED PARTIES**

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For the year ended June 30, 2005, the Company was charged by Bricolage Capital, LLC and Pinnacle Asset Management, L.P., related by common ownership, for compensation and overhead, registration and filing, occupancy and miscellaneous expenses amounting to \$33,463.

During the year ended June 30, 2005, management and the related parties entered into agreements to waive \$27,475 of amounts owed to the related parties.

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**NOTE 5. NET CAPITAL**

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As a registered broker-dealer, the Company is subject to the Uniform Net Capital Rule 15c3-1 of the Securities and Exchange Commission, which requires that the Company maintain minimum "Net Capital", as defined, to be 6-2/3% of "Aggregate Indebtedness", as defined, or \$5,000, whichever is greater. At June 30, 2005, the Company's "Net Capital" was \$20,605 which exceeded requirements by \$15,605. The ratio of "Aggregate Indebtedness" to "Net Capital" was 0.42 to 1 at June 30, 2005.

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**NOTE 6. SUBSEQUENT EVENT**

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Effective September, 2005, Amarillo sold its interest in the Company to an unrelated third party, Clatsop Capital, LLC.

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**SUPPLEMENTARY INFORMATION**

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**PINNACLE GROUP SECURITIES, LLC**

COMPUTATION OF NET CAPITAL PER UNIFORM NET CAPITAL RULE 15c3-1  
AND RECONCILIATION TO COMPANY'S CORRESPONDING UNAUDITED  
FORM X-17A-5, PART IIA FILING  
JUNE 30, 2005

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**CREDITS**

Member's Equity	\$	20,605
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**NET CAPITAL**

20,605

**MINIMUM NET CAPITAL REQUIREMENT - GREATER OF \$5,000 OR 6 2/3% OF  
AGGREGATE INDEBTEDNESS OF \$8,680**

5,000

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**EXCESS NET CAPITAL**

\$ 15,605

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**RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL**

0.42 to 1

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**SCHEDULE OF AGGREGATE INDEBTEDNESS**

Accounts payable	\$	8,650
Due to related parties		30
<hr/>		
Total aggregate indebtedness	\$	8,680

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There are no material differences between the above computation and the computation included in the Company's corresponding, unaudited Form X-17A-5, Part IIA filing.

See Independent Auditors' Report.

**PINNACLE GROUP SECURITIES, LLC**

STATEMENT ON EXEMPTION FROM THE COMPUTATION OF  
RESERVE REQUIREMENTS AND INFORMATION FOR POSSESSION OR  
CONTROL REQUIREMENTS UNDER RULE 15c3-3

JUNE 30, 2005

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In accordance with the exemptive provisions of SEC Rule 15c3-3, specifically exemption k(2)(i), the Company is exempt from the computation of reserve requirements and the information relating to the possession or control requirements.

See Independent Auditors' Report.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
REQUIRED BY SEC RULE 17a-5 FOR A BROKER-DEALER CLAIMING  
AN EXEMPTION FROM SEC RULE 15c3-3**

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To the Member  
Pinnacle Group Securities, LLC  
New York, New York

In planning and performing our audit of the financial statements and supplementary information of Pinnacle Group Securities, LLC (the Company) 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 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 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 the preparation of financial statements in conformity with accounting principles generally accepted 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 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 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 at June 30, 2005, to meet the SEC's objectives.

This report is intended solely for the use of management, the SEC, the National Association of Securities Dealers, Inc., 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.

*Kaufman, Ross & Co.*

Miami, Florida  
September 20, 2005