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

SEC FILE NUMBER
8-16994

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, 2005 AND ENDING December 31, 2005
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Warren G. Towne

OFFICIAL USE ONLY
FIRM ID. NO.

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

595 Sunset Lane

(No. and Street)

Fond du Lac

WI

54935

(City)

(State)

(Zip Code)

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

Warren G. Towne

(920) 921-6595

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Michler Associates

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

104 South Main Street

Fond du Lac, WI

54935

(Address)

(City)

(State)

(Zip Code)

PROCESSED
MAR 13 2006
THOMSON FINANCIAL

CHECK ONE:

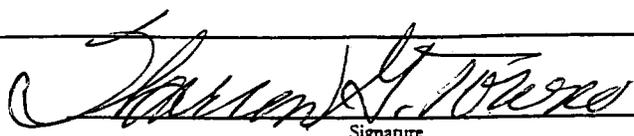
- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY
<i>[Handwritten Signature]</i>

*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).

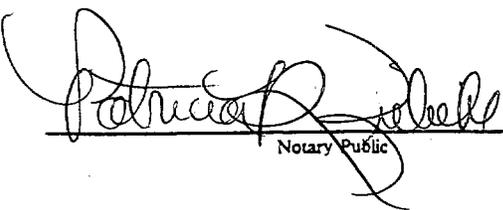
OATH OR AFFIRMATION

I, Warren G. Towne, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Warren G. Towne, as of December 31, ~~19~~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:


Signature

Sole Proprietor

Title


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 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.

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

MICHLER ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

104 SOUTH MAIN STREET

FOND DU LAC, WISCONSIN 54935

PHONE: 922-2920

T. A. MICHLER, CPA
W. M. GRESENZ, CPA

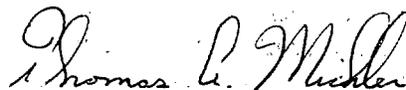
January 25, 2006

United States Securities and Exchange Commission
Washington, D.C.

Gentlemen:

Our examination of the financial condition of Warren G. Towne, Sole Proprietor, as of December 31, 2005, revealed no major inadequacies in the accounting system, internal accounting controls, procedures for safeguarding securities and practices and procedures referred to in paragraph (g) (1) of SEC Rule 17a-5.

MICHLER ASSOCIATES



Thomas L. Michler
Certified Public Accountant

MICHLER ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
104 SOUTH MAIN STREET
FOND DU LAC, WISCONSIN 54935

T. A. MICHLER, CPA
W. M. GRESENZ, CPA

PHONE: 922-2920

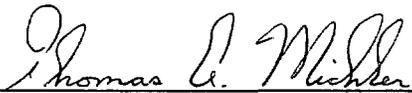
January 25, 2006

United States Securities and Exchange Commission
Washington, D.C.

Gentlemen:

There were no material differences in net capital
report filed with SEC and FOCUS report filed with NASD as of
December 31, 2005.

MICHLER ASSOCIATES


Thomas A. Michler
Certified Public Accountant

MICHLER ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
104 SOUTH MAIN STREET
FOND DU LAC, WISCONSIN 54935

T. A. MICHLER, CPA
W. M. GRESENZ, CPA

PHONE: 922-2920

January 25, 2006

United States Securities and Exchange Commission
Washington, D.C.

Gentlemen:

Warren G. Towne, Sole Proprietor, Fond du Lac, Wisconsin, is in compliance with the exemptive provisions of SEC Rule 15c3 as of December 31, 2005, and no facts have come to our attention indicating that such conditions had not been complied with during the year ended December 31, 2005.

MICHLER ASSOCIATES



Certified Public Accountant

T. A. MICHLER, CPA
W. M. GRESENZ, CPA

MICHLER ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
104 SOUTH MAIN STREET
FOND DU LAC, WISCONSIN 54935

PHONE: 922-2920

January 25, 2006

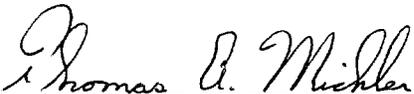
Mr. Warren G. Towne
595 Sunset Lane
Fond du Lac, WI 54935

Dear Sir:

We have examined the balance sheet of Warren G. Towne, Sole Proprietor, as of December 31, 2005 and the related statements of income and ownership equity and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting considered necessary in the circumstances.

In our opinion the aforementioned financial statements present fairly the financial position of Warren G. Towne, sole proprietor, at December 31, 2005 and the results of the operations and changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

MICHLER ASSOCIATES



Certified Public Accountant

T. A. MICHLER, CPA
W. M. GRESENZ, CPA

MICHLER ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
104 SOUTH MAIN STREET
FOND DU LAC, WISCONSIN 54935

PHONE: 922-2920

January 25, 2006

United States Securities and Exchange Commission
Washington, D.C.

Gentlemen:

In connection with our examination of the answers to the FOCUS report of Warren G. Towne, Sole Proprietor, Fond du Lac, Wisconsin as of December 31, 2005, the following statements are made pursuant to Rule 17a-5 as amended.

Examination of the financial statements of the above date disclosed that the claim for exclusion of Warren G. Towne from membership in the SIPC was consistent with income for the period. He did not hold cash or securities belonging to customers or to their brokers and dealers.

Examination of form x17a-5 disclosed that the nature of the income report properly excluded Warren G. Towne from membership in the SIPC.

MICHLER ASSOCIATES



Certified Public Accountant

Exhibit A

Warren G. Towne
Balance Sheet
December 31, 2005

	<u>12/31/05</u>	<u>12/31/04</u>
<u>Assets</u>		
Cash	<u>69,358.87</u>	<u>65,125.84</u>
<u>Ownership</u>		
Owner's Equity	<u>69,358.87</u>	<u>65,125.84</u>

Warren G. Towne
Statement of Income

December 31, 2005

<u>Income</u>		
Commissions		14,139.52
Interest		<u>1,238.51</u>
		15,378.03
 <u>Expenses</u>		
Professional Services	150.00	
Licenses and Fees	<u>995.00</u>	<u>1,145.00</u>
 <u>Net Income for Year</u>		 <u><u>14,233.03</u></u>

Warren G. Towne
Statement of Ownership Equity

December 31, 2005

Balance as of January 1, 2005	65,125.84
Net income for Year Ended December 31, 2005	<u>14,233.03</u>
	79,358.87
Less: Ownership Withdrawals	<u>10,000.00</u>
Balance as of December 31, 2005	<u>69,358.87</u>

Warren G. Towne
Statement of Cash Flows

Year Ended December 31, 2005

Cash Flows from Operating Activities	
Net Income	14,233.03
Cash Flows from Financial Activities	
Capital Withdrawals	<u>(10,000.00)</u>
Net Increase (Decrease) in Cash	4,233.03
Cash, Beginning of Year	<u>65,125.84</u>
Cash, End of Year	<u><u>69,358.87</u></u>

Warren G. Towne
Statements of Changes in Liabilities Subordinated to
Claim of General Creditors

December 31, 2005

Balance as of December 31, 2004	<u>0.00</u>
Balance as of December 31, 2005	<u>0.00</u>

Warren G. Towne
Computation of Net Capital

December 31, 2005

Cash	69,358.87
Additions or Deductions	<u>0.00</u>
Net Capital	<u><u>69,358.87</u></u>

Warren G. Towne
Computation of Reserve Requirements

December 31, 2005

6 2/3% of total aggregate indebtedness	0.00
2% of combined aggregate debt items	0.00
Capital Category per Rule 15c3-3	5,000.00
Reserve Requirements (greater of above three)	<u>5,000.00</u>