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

SEC FILE NUMBER
8-39716

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 1/1/05 AND ENDING 12/31/05
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Banyan Securities, LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

100 Drakes Landing Road, Suite 125

(No. and Street)

Greenbrae, CA 94904

(City)

(State)

(Zip Code)

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

Bruce E. Neff

(415) 461-0900

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP

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

560 Mission Street, Suite 1600

San Francisco

CA

94105

(Address)

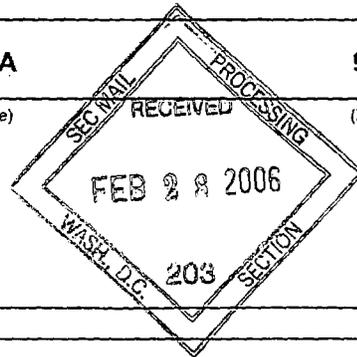
(State)

(Zip Code)

CHECK ONE:

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

PROCESSED
MAY 11 2006
THOMSON FINANCIAL



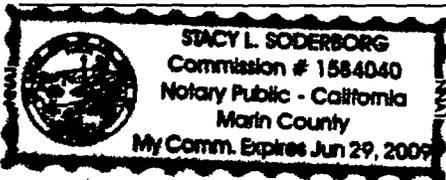
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2)

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OATH OR AFFIRMATION

I, Bruce Neff, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Banyan Securities, LLC, as of December 31, 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:



Notary Public

Bruce Neff
Signature
Managing Partner, CFO
Title

State of California County of MARIN

Subscribed and sworn to (or affirmed) Before me on this 10 day of JAN, 2006, by BRUCE E. NEFF personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature [Signature] (Seal)

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Members' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims or 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 or 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).

STATEMENT OF FINANCIAL CONDITION

Banyan Securities, LLC
December 31, 2005
with Report of Independent Auditors

Banyan Securities, LLC

Statement of Financial Condition

Year ended December 31, 2005

Contents

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Report of Independent Auditors

To the Members of
Banyan Securities, LLC

We have audited the accompanying statement of financial condition of Banyan Securities, LLC (the "Company") as of December 31, 2005. The statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on the statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit 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 Banyan Securities, LLC at December 31, 2005 in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

January 25, 2006

Banyan Securities, LLC
Statement of Financial Condition

December 31, 2005

Assets

Cash	\$ 914,834
Receivable from clearing broker-dealer	901,492
Marketable securities owned, at market value	334,226
Furniture, equipment and leasehold improvements, at cost (net of accumulated depreciation and amortization of \$360,575)	15,411
Other assets	71,708
Total assets	<u>\$ 2,237,671</u>

Liabilities and members' equity

Payable to clearing broker-dealer	\$ 15,865
Marketable securities sold, not yet purchased, at market value	146,918
Commissions payable	180,852
Withdrawals payable to Members	906,423
Deferred rent	59,422
Accrued expenses	116,223
Total liabilities	<u>1,425,703</u>
Members' equity	811,968
Total liabilities and members' equity	<u>\$ 2,237,671</u>

See accompanying notes.

Banyan Securities, LLC

Notes to Statement of Financial Condition

December 31, 2005

1. Summary of Significant Accounting Policies

Organization and Nature of Business

Banyan Securities, LLC (the "Company") is a limited liability company organized under the laws of the State of California. The Company is a registered broker-dealer regulated by the National Association of Securities Dealers, Inc. ("NASD"), engaging in the general securities industry, with customers across the United States. The term of the Company is until December 31, 2025, but may be terminated earlier as set forth in its operating agreement (the "Agreement").

Basis of Presentation

The accompanying financial statements are presented using accounting principles generally accepted in the United States ("U.S. GAAP"). Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Securities Transactions

Transactions in securities and related gains and losses are recorded on a trade-date basis. Investments in marketable securities owned and marketable securities sold, not yet purchased, consist of common stocks of United States companies and are valued at market value, with unrealized gains or losses included in income.

Depreciation and Amortization

Depreciation and amortization are provided using the straight-line method. The cost of furniture and equipment is depreciated over the estimated useful lives of five to seven years. Leasehold improvements are amortized over the useful lives of the assets or the lease term, if shorter.

Banyan Securities, LLC

Notes to Statement of Financial Condition (continued)

1. Summary of Significant Accounting Policies (continued)

Income Taxes

Limited liability companies ("LLC") are not taxable entities and are treated in the same manner as a partnership for federal and state income tax purposes. Federal and state income tax statutes require that the income or loss of the LLC be included in the tax returns of the individual members.

Members' Compensation

Members' compensation primarily consists of commissions earned specifically by each member.

2. Limitation of Members' Liability

The debts, obligations and liabilities of the Company shall solely be the debts, obligations and liabilities of the Company, and no member shall be obligated personally for any such debt, obligation or liability solely by reason of being a member, except for any debts, obligations and liabilities that may arise from a regulatory agency.

3. Members' Equity

Contributions and withdrawals by members may be made from time to time with the consent and approval of a majority interest of the members as set forth in the Agreement. Profits and losses are, in general terms, allocated to the members on a pro rata basis based on their respective membership interest. Managing members have additional rights, powers and authority as part of their ownership interest in the Company.

Members plan to withdraw capital over the next six months, reflecting a partial distribution of the Company's profits. Such withdrawals will not affect the Company's compliance with SEC Rule 15c3-1.

Banyan Securities, LLC

Notes to Statement of Financial Condition (continued)

4. Receivable from and Payable to Clearing Broker-Dealer

The Company clears all of its proprietary and customer transactions through another broker-dealer on a fully disclosed basis. The amounts receivable from and payable to the clearing broker-dealer relate to the aforementioned proprietary transactions.

The Company conducts business with brokers and dealers that are members of the major securities exchanges. The Company has a policy of reviewing, as considered necessary, the credit standing of each broker with which it conducts business.

5. Marketable Securities Owned and Sold, Not Yet Purchased

The Company owns United States common stock with a fair value of \$334,226 and has shorted United States common stock with a fair value of \$146,918.

6. Furniture, Equipment and Leasehold Improvements

The Company's furniture, equipment and leasehold improvements by major categories are as follows:

Furniture and fixtures	\$ 144,492
Office equipment	154,677
Leasehold improvements	76,817
	<hr/>
	375,986
Less accumulated depreciation and amortization	360,575
Net furniture, equipment and leasehold improvements	<hr/> <u>\$ 15,411</u>

7. Execution Services

In the normal course of business, the Company provides its customers with execution services. The Company is generally compensated for such services as part of the commission charged to its customers.

Banyan Securities, LLC

Notes to Statement of Financial Condition (continued)

8. Commitments and Contingencies

Clearing Broker Agreement

The Company's agreement with its clearing broker requires the Company to maintain minimum net capital, as defined by the Uniform Net Capital Rule 15c3-1, of at least \$100,000, an aggregate indebtedness ratio, also as defined, not exceeding 10 to 1 (see Note 10), and a minimum deposit of cash or securities totaling \$250,000. Commissions receivable from the clearing broker may be applied to satisfy the deposit requirement.

Leases

The Company leases office space pursuant to a long-term lease agreement under non-cancellable leases with minimum annual rental payments. Such leases are subject to escalation clauses, operating expenses and real estate taxes. A portion of the office space is subleased to other companies.

At December 31, 2005, the Company's remaining future minimum lease commitments and sublease income are as:

	Minimum Annual Rental Payments	Minimum Sublease Income	Net
2006	\$ 199,364	\$ 92,799	\$ 106,565
2007	205,370	95,577	109,793
2008	211,546	98,436	113,110
2009	106,290	24,789	81,501
Total	<u>\$ 722,570</u>	<u>\$ 311,601</u>	<u>\$ 410,969</u>

Banyan Securities, LLC

Notes to Statement of Financial Condition (continued)

9. Profit Sharing Plan

The Company has a qualified retirement multiemployer plan, commonly referred to as the 401(k) Plan (the "Plan"), which covers substantially all of its full-time employees who have at least 1,000 hours of service with the Company.

The Plan includes employee contributions and matching contributions by the Company, subject to certain limitations. In addition, the Company may contribute additional amounts to its Plan at its discretion, based on its profits for the year.

The Members voluntarily elected to contribute to the Plan in December 2005. This amount is reflected as withdrawals payable to Members on the statement of financial condition.

10. Net Capital Requirements

As a registered broker-dealer with the Securities and Exchange Commission and the NASD, the Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1 (the "Rule"), which requires the maintenance of minimum net capital equal to the greater of \$100,000 or 6 $\frac{2}{3}$ % of aggregate indebtedness, both as defined by the Rule. At December 31, 2005, the Company had net capital of \$647,987, which was \$547,987 in excess of its required net capital of \$100,000. The Company's ratio of aggregate indebtedness to net capital was 2 to 1.

11. Related-Party Transactions

One of the managing members of the Company is the general partner of Touchstone Advisors, L.P., which is the general partner of Touchstone Investments, L.P., Benedictine Partners, L.P. and Cistercian Partners, L.P. The Company subleased a portion of its office space to Touchstone Advisors, L.P. for a fee during the year ended December 31, 2005.

12. Financial Instruments

Substantially all of the Company's financial instruments are carried at fair value or amounts approximating fair value. Assets including cash, securities owned, and certain receivables are carried at fair value or contracted amounts that approximate fair value. Similarly, liabilities including securities sold, not yet purchased, and certain payables are carried at fair value or contracted amounts approximating fair value.

Banyan Securities, LLC

Notes to Statement of Financial Condition (continued)

13. Financial Instruments with Off-Balance Sheet Risk

The Company engages in short selling activities, wherein it borrows securities and sells them to third parties. Until the Company covers its short sales, it is exposed to market risk to the extent that subsequent market fluctuations may require purchasing securities sold, not yet purchased, at prices that may be significantly higher than the market value reflected in the statement of financial condition.

14. Indemnifications

The Company enters into contracts that contain a variety of indemnifications. The Company's maximum exposure under these agreements is not estimable. However, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of a material loss to be remote.

In the normal course of its business, the Company has agreed to indemnify the clearing broker for losses that it may sustain from the customer accounts introduced by the Company. At December 31, 2005, the total amount of customer balances subject to such indemnification was approximately \$11,580,000. In accordance with applicable margin lending practices, customer balances are typically collateralized by customer securities or supported by other types of recourse provisions with the customer.