

BB

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

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

M.K.  
2/28



06003519

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

SEC FILE NUMBER
8 - 52204

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: Whitney Securities, L.L.C.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

228 St. Charles Ave, Suite 200

(No. and Street)

New Orleans

(City)

LA

(State)

70130

(Zip Code)

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

David J. Palozzola

(504)586-3454

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

PriceWaterhouseCoopers, LLP

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

639 Loyola Ave

(Address)

New Orleans

(City)

LA

(State)

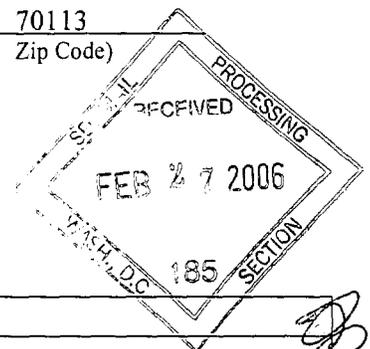
70113

(Zip Code)

CHECK ONE:

- Certified Public Account
- Public Account
- Account not resident in United States or any of its possession

PROCESSED  
APR 27 2006  
THOMSON  
FINANCIAL



FOR OFFICIAL USE ONLY

\*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.

2/28

OATH OF AFFIRMATION

I, David J. Palozzola, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Whitney Securities, L.L.C., as of December 31, 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, excepts as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Patricia K. Lopez

Notary Public 34591

[Signature]

Signature

PRESIDENT

Title

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes of 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 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).

# **Whitney Securities, L.L.C.**

**Financial Statements and Supplementary  
Information**

**December 31, 2005**

**(Pursuant to Section 17 of the Securities Exchange Act of 1934 and  
Rule 17a-5)**

# Whitney Securities, L.L.C.

## Index

December 31, 2005

---

	Page(s)
<b>Report of Independent Auditors</b> .....	1
<b>Financial Statements</b>	
Statement of Financial Condition .....	2
Statement of Income .....	3
Statement of Changes in Member Capital .....	4
Statement of Cash Flows .....	5
Notes to Financial Statements .....	6-7
<b>Supplementary Information</b>	
Schedule I - Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission .....	8
Schedule II - Computation for Determination of Reserve Requirements Under Rule 15c3-3 of the Securities and Exchange Commission .....	9
Schedule III - Information Relating to Possession or Control Requirement Pursuant to Rule 15c3-3 of the Securities and Exchange Commission .....	10
Report of Independent Auditors on Internal Control Required by the Securities and Exchange Commission Rule 17a-5 .....	11-12

**PricewaterhouseCoopers LLP**  
639 Loyola Avenue  
Suite 1800  
New Orleans LA 70113  
Telephone (504) 558 8200  
Facsimile (504) 558 8960

**Report of Independent Auditors**

To the Board of Directors of  
Whitney Securities, L.L.C.

In our opinion, the accompanying statement of financial condition, and the related statements of income, changes in member capital, and cash flows present fairly, in all material respects, the financial position of Whitney Securities, L.L.C. at December 31, 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. 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 of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Supplementary Schedules I, II, and III 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 Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the 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.

*PricewaterhouseCoopers LLP*

February 17, 2006

**Whitney Securities, L.L.C.**  
**Statement of Financial Condition**  
**December 31, 2005**

---

<b>Assets</b>	
Cash and cash equivalents	\$ 145,682
Money market investments, at fair value	2,061,812
Receivables from brokers, dealers and clearing organizations	151,713
Other assets	<u>13,550</u>
Total assets	<u>\$2,372,757</u>
<b>Liabilities and Member Capital</b>	
<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ <u>163,940</u>
Total liabilities	<u>163,940</u>
<b>Member capital</b>	
Member contribution	350,000
Retained earnings	<u>1,858,817</u>
Total member capital	<u>2,208,817</u>
Total liabilities and member capital	<u>\$2,372,757</u>

The accompanying notes are an integral part of these financial statements.

**Whitney Securities, L.L.C.**  
**Statement of Income**  
**Year Ended December 31, 2005**

---

**Income**

Commissions on securities transactions	\$1,700,821
Income from sales of investment company shares	824,918
Commissions on annuity transactions	112,089
Commissions on educational savings plans	34,049
Interest and dividends	52,286
Total income	<u>2,724,163</u>

**Expense**

Employee compensation and benefits	1,554,696
Processing services	308,824
Intercompany management fees	78,480
Professional services	155,794
Occupancy	26,076
Telecommunication	16,507
Licenses and regulatory fees	21,452
Other operating expense	163,575
Total expense	<u>2,325,404</u>
Net income	<u>\$ 398,759</u>

The accompanying notes are an integral part of these financial statements.

**Whitney Securities, L.L.C.**  
**Statement of Changes in Member Capital**  
**Year Ended December 31, 2005**

---

	<b>Member Contribution</b>	<b>Retained Earnings</b>	<b>Total Member Capital</b>
<b>Balance at December 31, 2004</b>	\$ 350,000	\$ 1,460,058	\$ 1,810,058
Net income and comprehensive income	-	398,759	398,759
<b>Balance at December 31, 2005</b>	<u>\$ 350,000</u>	<u>\$ 1,858,817</u>	<u>\$ 2,208,817</u>

The accompanying notes are an integral part of these financial statements.

**Whitney Securities, L.L.C.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2005**

---

**Operating activities**

Net income	\$ 398,759
Adjustments to reconcile net income to net cash provided by operating activities	
Increase in receivables from brokers, dealers and clearing organizations	(64,933)
Decrease in other assets	3,087
Decrease in accounts payable and accrued expenses	<u>(56,179)</u>
Net cash provided by operating activities	<u>280,734</u>

**Investing activities**

Purchases of money market investments	<u>(375,911)</u>
Net cash used for investing activities	<u>(375,911)</u>
Decrease in cash and cash equivalents	(95,177)

**Cash and cash equivalents**

Beginning of period	<u>240,859</u>
End of period	<u>\$ 145,682</u>

The accompanying notes are an integral part of these financial statements.

**Whitney Securities, L.L.C.**  
**Notes to Financial Statements**  
**December 31, 2005**

---

**1. Organization and Nature of Business**

Whitney Securities, L.L.C., a Louisiana limited liability corporation (the Company), was organized on September 21, 1999. The Company began operating as a registered broker-dealer under the Securities Exchange Act of 1934 on March 1, 2000 and is a member of the National Association of Securities Dealers (NASD). The Company's sole member is Whitney National Bank (the Bank). The Bank is a wholly owned subsidiary of Whitney Holding Corporation, a Louisiana bank holding company.

The Company is an introducing broker-dealer offering a range of investment products and limited investment advice to retail customers in accordance with NASD and Office of the Comptroller of Currency regulations. The Company accepts customer orders but clears transactions through another brokerage firm (clearing organization) on a fully disclosed basis. The clearing organization processes and settles the customer transactions for the Company. The commissions and other fees earned from the transactions are divided between the Company and the clearing organization in accordance with contractual terms.

**2. Summary of Significant Accounting Policies**

The accounting and reporting policies of the Company conform with accounting principles generally accepted in the United States of America and with general practices followed by brokers and dealers in securities. The principles and policies followed by the Company, and the methods of applying those principles and policies, which materially affect the determination of financial position, results of operations and cash flows are summarized below and in the following notes:

**Use of Estimates**

Preparing financial statements and related notes in accordance with accounting principles generally accepted in the United States of America involves making estimates that impact the amounts reported. Actual results may prove different from those estimated.

**Cash and Cash Equivalents**

The Company considers all cash held, excluding money market investments, as cash and cash equivalents.

**Income from Broker-Dealer Activity**

Commission income is generated on a transaction basis and recognized on a settlement basis.

**Income Taxes**

The Company is a single member limited liability company for Federal and, where applicable, state income tax reporting purposes. Income from the Company is treated as taxable income of the member. Accordingly, there are no tax provisions or current or deferred tax assets or liabilities reflected in the accompanying financial statements.

**Money Market Investments**

Money market investments are stated at fair value based on quoted market prices.

**Whitney Securities, L.L.C.**  
**Notes to Financial Statements**  
**December 31, 2005**

---

**Receivables from Brokers, Dealers and Clearing Organizations**

The Company is required to maintain a deposit with the licensed broker-dealer which acts as its clearing organization. This amount is included in receivables from brokers, dealers and clearing organizations in the Company's balance sheet. The amount on deposit was \$57,207 at December 31, 2005.

**3. Related Party Transactions**

The Company has entered into a service agreement with the Bank, under which the Bank provides substantially all of the support for its operations, including human resources, office facilities, communications and computer technology and support. Payments to the Bank under this agreement cover (a) the direct cost of Bank employees dedicated to Company sales and support activities and an appropriate allocation of the Bank's expense of providing health, retirement and other benefits to these employees; (b) the fair rental value of office space provided in the Bank's facilities; (c) a negotiated management fee; and (d) other miscellaneous direct or allocated costs. The Company paid the Bank \$1,659,252 under this agreement in 2005.

Included in accounts payable and accrued expenses at December 31, 2005, is \$130,281 related to accrued employee compensation and benefits payable to the Bank under this agreement.

**4. Regulatory Requirements**

As a registered broker-dealer, the Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1). The Company is required to maintain net capital at the greater of \$250,000 or 6-2/3% of aggregate indebtedness. The following compares the Company's net capital as of December 31, 2005 to the maintenance required:

Net capital	\$ 2,059,526
Required net capital	<u>250,000</u>
Excess net capital	<u>\$ 1,809,526</u>

The Company operates the majority of its business under the provisions of paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities Exchange Act of 1934 as a fully-disclosed introducing broker and, accordingly, customer accounts are carried on the books of the clearing organization. However, the Company routinely solicits the receipt of customer funds to deliver the funds directly to the customer or clearing organization, as appropriate, and accordingly is considered a fully computing broker-dealer and is subject to the provisions of Rule 15c3-3. Refer to Schedule II and Schedule III.

**5. Contingencies**

The Company is at times party to legal proceedings arising in the normal course of business. After review with legal counsel, the Company's management believes that there are no pending or threatened actions the resolution of which could have a material effect on the Company's financial condition, income, or cash flows.

**Whitney Securities, L.L.C.**  
**Computation of Net Capital Under Rule 15c3-1**  
**of the Securities and Exchange Commission**  
**December 31, 2005**

**Schedule I**

<b>Net Capital</b>	
Total member's capital	\$2,208,817
Deduct member's equity not allowable for net capital	-
Total member's equity qualified for net capital	<u>2,208,817</u>
Deductions and/or charges	
Nonallowable assets	108,055
Total deductions and/or charges	<u>108,055</u>
Net capital before haircuts on securities positions	2,100,762
Haircuts on securities	41,236
Net capital	<u>\$2,059,526</u>
<b>Aggregate Indebtedness</b>	
Items included in the statement of financial condition	
Accounts payable and accrued expenses	\$ 163,940
Items not included in the statement of financial condition	
Total aggregate indebtedness	<u>\$ 163,940</u>
<b>Computation of Basis net Capital Requirement</b>	
Net capital	\$2,059,526
Minimum dollar net capital requirement - greater of \$250,000 or 6-2/3% of aggregate indebtedness	250,000
Excess net capital	<u>\$1,809,526</u>

Note: There are no differences between the above computation and the unaudited computation included in the Part II filing of Whitney Securities, L.L.C. as of December 31, 2005.

**Whitney Securities, L.L.C.**

**Computation for Determination of Reserve Requirements under Rule 15c3-3  
of the Securities and Exchange Commission**

**December 31, 2005**

**Schedule II**

Credit balances - free credit balances and other balances in customer's security accounts	\$ -
Debit balances	-
Excess of total credits over total debits	<u>\$ -</u>
Required deposit (105% of excess of total credits over total debits)	\$ -
Amount held on deposit in "Reserve Bank Accounts" including value of qualified securities, at December 31, 2005	\$ -

Note: There are no differences between the above computation and the unaudited computation included in the Part II filing of Whitney Securities, L.L.C. as of December 31, 2005.

**Whitney Securities, L.L.C.**

**Information Relating to Possession or Control Requirement**

**Pursuant to Rule 15c3-3 of the Securities and Exchange Commission**

**December 31, 2005**

**Schedule III**

1. Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date but for which the required action was not taken by respondent, within the time frames specified under Rule 15c3-3).

A. Number of items \$ -

2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.

A. Number of items \$ -

**Report of Independent Auditors on  
Internal Control Required by SEC Rule 17a-5**

To the Board of Directors of  
Whitney Securities, L.L.C.

In planning and performing our audit of the financial statements and supplemental schedule of Whitney Securities, L.L.C., (the "Company") for the year ended December 31, 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 the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g), in the following:

- Making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11); and
- 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:

- Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13;
- 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; and
- Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

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 control 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 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 fraud may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that controls 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 one or more 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, which 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 December 31, 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.

*PricewaterhouseCoopers LLP*

February 17, 2006