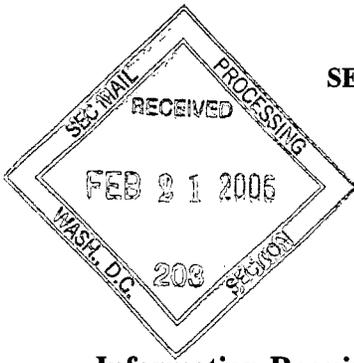


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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

**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 01/01/05 AND ENDING 12/31/05  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:  
**Braymen, Lambert and Noel Securities, Ltd.**

OFFICIAL USE ONLY

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

FIRM ID. NO.

4123 McCullough

(No. and Street)

San Antonio

Texas

78212

(City)

(State)

(Zip Code)

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

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

**Phillip V. George, PLLC**

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

2300 Honey Locust Drive

Irving

Texas

75063

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**PROCESSED**

**APR 10 2006**

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).

SEC 1410 (06-02)

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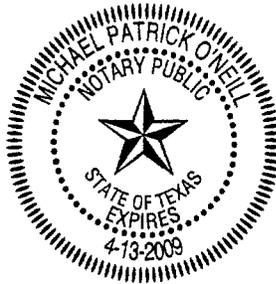
*Handwritten signature/initials*

OATH OR AFFIRMATION

I, Shannon Braymen, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Braymen, Lambert and Noel Securities, Ltd., 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:

NONE

Michael Patrick O'Neill
Notary Public



Shannon Braymen
Signature
Partner
Title

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 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.
(o) Independent auditor's report on the internal control as required by SEC rule 17a-5.

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

**BRAYMEN, LAMBERT AND NOEL  
SECURITIES, LTD.**

**FINANCIAL REPORT**

**DECEMBER 31, 2005**

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PHILLIP V. GEORGE, PLLC  
CERTIFIED PUBLIC ACCOUNTANT

**INDEPENDENT AUDITOR'S REPORT**

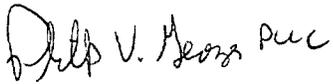
To the Partners  
Braymen, Lambert and Noel Securities, Ltd.

We have audited the accompanying statement of financial condition of Braymen, Lambert and Noel Securities, Ltd. as of December 31, 2005, and the related statements of income, changes in partners' capital, changes in liabilities subordinated to the claims of general creditors 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 Partnership'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 Braymen, Lambert and Noel Securities, Ltd. as of 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I 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.

  
PHILLIP V. GEORGE, PLLC

Irving, Texas  
January 27, 2006

**BRAYMEN, LAMBERT AND NOEL SECURITIES, LTD.**  
**Statement of Financial Condition**  
**December 31, 2005**

**ASSETS**

Cash and cash equivalents	\$ 147,181
Receivable from clearing broker/dealer	39,461
Clearing deposit	100,000
Prepaid expenses	<u>370</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 287,012</u></u></b>

**LIABILITIES AND PARTNERS' CAPITAL**

**Liabilities**

Accounts payable and accrued expenses	\$ 55,327
Subordinated notes payable	<u>200,000</u>
<b>TOTAL LIABILITIES</b>	<b><u>255,327</u></b>
<b>Partners' Capital</b>	<b><u>31,685</u></b>
<b>TOTAL LIABILITIES AND PARTNERS' CAPITAL</b>	<b><u><u>\$ 287,012</u></u></b>

**BRAYMEN, LAMBERT AND NOEL SECURITIES, LTD.**

**Statement of Income**  
**Year ended December 31, 2005**

**Revenue**

Securities commissions	\$ 1,126,779
Interest income	<u>9,384</u>
TOTAL REVENUE	<u>1,136,163</u>

**Expenses**

Compensation and related costs	829,728
Clearing and other charges	44,367
Management fees paid to General Partner	215,553
Interest	16,000
Regulatory fees and expenses	13,208
Other expenses	<u>6,363</u>
TOTAL EXPENSES	<u>1,125,219</u>
NET INCOME	<u><u>\$ 10,944</u></u>

**BRAYMEN, LAMBERT AND NOEL SECURITIES, LTD.**  
**Statement of Changes in Partners' Capital**  
**Year ended December 31, 2005**

	<u>General Partner</u>	<u>Limited Partners</u>	<u>Total</u>
Balances at December 31, 2004	\$ 207	\$ 20,534	\$ 20,741
Net income	<u>109</u>	<u>10,835</u>	<u>10,944</u>
Balances at December 31, 2005	<u><u>\$ 317</u></u>	<u><u>\$ 31,368</u></u>	<u><u>\$ 31,685</u></u>

**BRAYMEN, LAMBERT AND NOEL SECURITIES, LTD.**  
**Statement of Changes in Liabilities Subordinated**  
**to Claims of General Creditors**  
**Year ended December 31, 2005**

Balance at December 31, 2004	\$ 200,000
Increases	-
Decreases	<u>-</u>
Balance at December 31, 2005	<u><u>\$ 200,000</u></u>

**BRAYMEN, LAMBERT AND NOEL SECURITIES, LTD.**

**Statement of Cash Flows**  
**Year ended December 31, 2005**

**Cash flows from operating activities:**

Net income	\$ 10,944
Adjustments to reconcile net income to net cash provided by operating activities	
Changes in assets and liabilities	
Decrease in receivable from clearing broker/dealer	115,743
Decrease in prepaid expenses	724
Decrease in accounts payable and accrued expenses	<u>(67,935)</u>
Net cash provided by operating activities	<u>59,476</u>
Net increase in cash and cash equivalents	59,476
Cash and cash equivalents at beginning of year	<u>87,705</u>
Cash and cash equivalents at end of year	<u><u>\$ 147,181</u></u>

**Supplemental Disclosures of Cash Flow Information:**

Cash paid during the year for:

Interest	<u><u>\$ 16,000</u></u>
Income taxes	<u><u>\$ -</u></u>

**BRAYMEN, LAMBERT AND NOEL SECURITIES, LTD.**  
**Notes to Financial Statements**

**Note 1 - Nature of Business and Summary of Significant Accounting Policies**

Nature of Business:

Braymen, Lambert and Noel Securities, Ltd. (the Partnership), a Texas limited partnership, was formed in December 2002. The Partnership is a broker/dealer in securities registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers, Inc. (NASD). The Partnership's customers are primarily institutions and high wealth individuals located in Texas.

The general partner of the Partnership is BLN Management, LLC (General Partner). The General Partner has the authority to manage and control the business affairs of the Partnership.

The Partnership terminates on December 31, 2052, unless sooner terminated or extended as provided in the partnership agreement.

Significant Accounting Policies:

Basis of Accounting

The Partnership operates under the provisions of Paragraph (k)(2)(ii) of Rule 15c3-3 of the SEC and, accordingly, is exempt from the remaining provisions of that Rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Partnership clear all transactions on behalf of customers on a fully disclosed basis with a clearing broker/dealer, and promptly transmit all customer funds and securities to the clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the 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 Equivalents

Money market funds are reflected as cash equivalents in the accompanying statement of financial condition and for purposes of the statement of cash flows.

**BRAYMEN, LAMBERT AND NOEL SECURITIES, LTD.**  
**Notes to Financial Statements**

**Note 1 - Nature of Business and Summary of Significant Accounting Policies (continued)**

Security Transactions

Security transactions and related commission revenue and expense are recorded on a trade date basis.

Income Taxes

Taxable income or loss of the Partnership is included in the income tax returns of the partners; therefore, no provision for income taxes has been made in the accompanying financial statements.

**Note 2 - Transactions with Clearing Broker/Dealer**

The agreement with the clearing broker/dealer provides for clearing charges at a fixed rate multiplied by the number of tickets traded by the Partnership. The agreement requires minimum charges totaling \$2,500 per month. The agreement also requires the Partnership to maintain a minimum of \$100,000 as a deposit in an account with the clearing broker/dealer.

**Note 3 - Net Capital Requirements**

The Partnership is subject to the SEC uniform net capital rule (Rule 15c3-1), which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2005, the Partnership had net capital and net capital requirements of \$231,315 and \$100,000, respectively. The Partnership's net capital ratio was .24 to 1.

**BRAYMEN, LAMBERT AND NOEL SECURITIES, LTD.**  
**Notes to Financial Statements**

**Note 4 - Subordinated Notes Payable**

At December 31, 2005, the Partnership has two subordinated notes payable to two limited partners, consisting of the following:

Subordinated unsecured note payable to limited partner with principal due at maturity on January 1, 2008; however, the note may be restricted as to repayment subject to regulatory approval. The note accrues interest at 8% per annum payable quarterly. \$ 120,000

Subordinated unsecured note payable to limited partner with principal due at maturity on January 1, 2008; however, the note may be restricted as to repayment subject to regulatory approval. The note accrues interest at 8% per annum payable quarterly. 80,000

\$ 200,000

Interest expense incurred during 2005 on these subordinated notes payable totaled \$16,000.

**Note 5 - Off-Balance-Sheet Risk and Concentration of Credit Risk**

As discussed in Note 1, the Partnership's customers' securities transactions are introduced on a fully disclosed basis with its clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers of the Partnership and is responsible for execution, collection and payment of funds, and receipt and delivery of securities relative to customer transactions. Off-balance-sheet risk exists with respect to these transactions due to the possibility that customers may be unable to fulfill their contractual commitments wherein the clearing broker/dealer may charge any losses it incurs to the Partnership. The Partnership seeks to minimize this risk through procedures designed to monitor the credit worthiness of its customers and that customer transactions are executed properly by the clearing broker/dealer.

The Partnership's money market funds, receivable from clearing broker/dealer and clearing deposit are held at or due from the Partnership's clearing broker/dealer. The Partnership has a total of \$209,721, or approximately 73%, of its assets in amounts held at or due from the Partnership's clearing broker/dealer.

**BRAYMEN, LAMBERT AND NOEL SECURITIES, LTD.**  
**Notes to Financial Statements**

**Note 6 - Related Party Transactions**

The Partnership and the General Partner are under common control and the existence of that control creates a financial position and operating results significantly different than if the companies were autonomous.

Under a Services Agreement effective December 2002, the General Partner provides the Partnership with personal property, support staff and office space and incurs general and administrative expenses for the benefit of the Partnership. Fees for such services are determined at the discretion of the General Partner. The Agreement allows the Partnership to waive any such portion of the fees in order for the Partnership to remain in compliance with the minimum net capital requirements (Note 2). Fees incurred for the year ended December 31, 2005 under this Agreement totaled \$215,553. The Agreement was not consummated on terms equivalent to arms length transactions.

The Partnership has two subordinated notes payable due to two limited partners totaling \$200,000 (Note 4). Interest expense incurred during the year ended December 31, 2005 on these subordinated notes payable totaled \$16,000.

**Note 7 - 401k Profit Sharing Plan and Trust**

The Partnership adopted the BLN Securities 401(K) Plan (the Plan) effective January 1, 2003. The Partnership and eligible employees both may contribute to the Plan. The Plan is administered on a calendar year basis. All employees are eligible to participate after completing one-half year of service. Employee salary deferral contributions and earnings on these contributions are 100% vested. The Partnership shall make a nonelective contribution on behalf of each participant in an amount equal to 3% of the eligible participant's compensation for the plan year. Nonelective contributions and earnings on these contributions become vested at 20% per year after two years of service, and become 100% vested after six years of service. The Partnership did not make any nonelective contributions for the year ending December 31, 2005. The Partnership incurred expenses totaling \$2,302 for the year ended December 31, 2005, which are included in compensation and related costs in the accompanying statement of income.

## Schedule I

### BRAYMEN, LAMBERT AND NOEL SECURITIES, LTD.

#### Computation of Net Capital and Aggregate

#### Indebtedness Pursuant to Rule 15c3-1

December 31, 2005

Total partners' capital for net capital	\$ 31,685
Add:	
Liabilities subordinated to claims of general creditors allowable in computation of net capital	<u>200,000</u>
Total capital and allowable subordinated liabilities	<u>231,685</u>
Deductions and/or charges	
Non-allowable assets:	
Prepaid expenses	<u>370</u>
Net Capital	<u><u>\$ 231,315</u></u>
Aggregate indebtedness	
Accounts payable and accrued expenses	<u><u>\$ 55,327</u></u>
Computation of basic net capital requirement	
Minimum net capital required (greater of \$100,000 or 6 2/3% of aggregate indebtedness)	<u><u>\$ 100,000</u></u>
Net capital in excess of minimum requirement	<u><u>\$ 131,315</u></u>
Ratio of aggregate indebtedness to net capital	<u><u>.24 to 1</u></u>

Note: The above computation does not differ from the computation of net capital under Rule 15c3-1 as of December 31, 2005 as filed by Braymen, Lambert and Noel Securities, Ltd. on Form X-17A-5. Accordingly, no reconciliation is deemed necessary.

**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL**

To the Partners  
Braymen, Lambert and Noel Securities, Ltd.

In planning and performing our audit of the financial statements and supplemental schedule of Braymen, Lambert and Noel Securities, Ltd. (the Partnership) 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 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 Partnership 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 Partnership 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 Partnership 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.

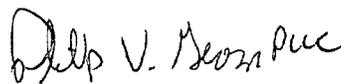
The management of the Partnership is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related 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 Partnership 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, 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 Partnership's practices and procedures were adequate at December 31, 2005 to meet the SEC's objectives.

This report is intended solely for use of the Board of Directors, 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.



PHILLIP V. GEORGE, PLLC

Irving, Texas  
January 27, 2006