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SEC

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

SEC FILE NUMBER
8- 31336

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

OFFICIAL USE ONLY
FIRM I.D. NO.

540 W. BASELINE RD., #10

(No. and Street)

CLAREMONT

CA

91711

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
SEAN BILECKI (909) 626-1642

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

GRIFFITH, PETER SCOTT

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

41 E. FOOTHILL BLVD., #204

ARCADIA

CA

(Address)

(City)

(State)

91006

(Zip Code)

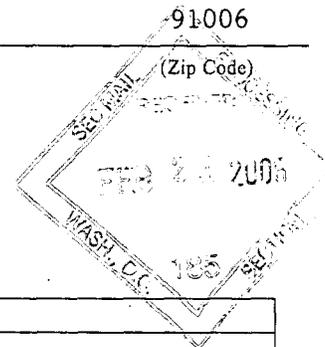
**PROCESSED**

**APR 10 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**

\*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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KA 4/7/06

OATH OR AFFIRMATION

I, SEAN BILECKI, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FINANCIAL DESIGNS CORPORATION, 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:

[Signature]
Signature

V.P., CHIEF FINANCIAL OFFICER
Title

[Signature: Maria Morton]
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 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 15c3-1 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).

**PETER S. GRIFFITH**  
CERTIFIED PUBLIC ACCOUNTANT  
41 E. FOOTHILL BLVD. SUITE 204  
ARCADIA, CA 91006  
Phone (626) 447-5550  
Fax (626) 447-1223  
e-mail: pete@petersgriffithcpa.com

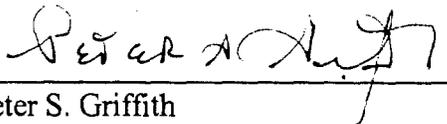
## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Financial Designs Corporation

I have audited the accompanying Balance Sheet of Financial Designs Corporation as of December 31, 2005, and the related Profit & Loss Statement, the Statement of Retained Earnings, the Statement of Cash Flows and the Statement of Changes in Stockholder's Equity for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, in 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Financial Designs Corporation as of December 31, 2005 and the results of its operations and its cash flow for the year then ended in conformity with generally accepted accounting principles.



Peter S. Griffith  
Certified Public Accountant

January 30, 2006

**Financial Designs Corporation**  
**Balance Sheet**  
 As of December 31, 2005

	Dec 31, 05
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1000 · Cash	19,555.62
1001 · Checking Account	16,740.39
1002 · Checking Acct - MDP	5,479.56
1003 · Checking Acct - Payroll	99,616.51
1004 · Checking Acct - Citibank	7,082.92
1050 · Franklin Money Fund	577.54
1060 · Fidelity Money Market	1,236.01
<b>Total Checking/Savings</b>	<u>150,288.55</u>
<b>Other Current Assets</b>	
1100 · Commissions Receivable	480.00
1120 · Larkin Account	34,128.91
1125 · Bender Funds	7,942.68
1150 · Officer Loan	20,000.00
<b>Total Other Current Assets</b>	<u>62,551.59</u>
<b>Total Current Assets</b>	212,840.14
<b>Fixed Assets</b>	
1300 · Computer	69,169.21
1305 · Chairs	5,205.33
1310 · Copier & Stand	3,548.00
1320 · Telephone Equipment	4,936.00
1330 · Air Conditioner	2,707.00
1340 · File Cabinets	13,106.00
1350 · Security System	3,420.00
1360 · Paper Shredder	1,507.00
1370 · Xerox Copier	6,111.00
1380 · Office Equipment	13,939.19
1500 · Accumulated Depreciation	<u>-114,657.00</u>
<b>Total Fixed Assets</b>	<u>8,991.73</u>
<b>TOTAL ASSETS</b>	<u><u>221,831.87</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Other Current Liabilities</b>	
2000 · Clearing Charges	457.56
2030 · Miscellaneous Liabilities	700.00
2050 · Employee Bonuses	16,948.00
2100 · Income Taxes	
2101 · Federal	859.00
<b>Total 2100 · Income Taxes</b>	<u>859.00</u>
2105 · Dividend Payable	1,200.00
<b>Total Other Current Liabilities</b>	<u>20,164.56</u>
<b>Total Current Liabilities</b>	<u>20,164.56</u>
<b>Total Liabilities</b>	20,164.56
<b>Equity</b>	
3000 · Common Stock	3,000.00
3005 · Dividend	-1,200.00
3010 · Unrealized Capital Losses	-9,635.72
3900 · Retained Earnings	208,442.14
Net Income	1,060.89
<b>Total Equity</b>	<u>201,667.31</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>221,831.87</u></u>

**Financial Designs Corporation**  
**Profit & Loss**  
 January through December 2005

Jan - Dec 05

<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4000 · Commission Income	14,078.77
4010 · Fees & Reimbursements	1,088,091.79
4020 · Interest & Dividends	5,559.27
4040 · Trail Commissions	39,346.82
4060 · Tax Preparation	20,330.00
<b>Total Income</b>	<u>1,167,406.65</u>
<b>Expense</b>	
6010 · Asset Allocation Fees	9,318.00
6015 · Bonuses	16,948.00
6020 · Clearing Charges Fees	6,794.69
6040 · Commissions	46,404.40
6055 · Computer Consulting	912.50
6060 · Depreciation	6,555.00
6080 · Employment Taxes	43,771.04
6110 · Fees	3,424.86
6115 · Financial Planning Fees	2,250.00
6120 · Insurance	15,164.78
6130 · Lease - Equipment	79,584.00
6140 · Lease - Office	42,116.00
6160 · Medical Reimbursement	47,990.26
6165 · Medical Insurance	19,635.35
6170 · Office Supplies & Expense	83,184.26
6180 · Regulatory Fees	6,374.97
6190 · Retainer Fees & Costs	567.80
6193 · Retirement Plan	4,036.00
6195 · RIA Fees	1,412.60
6200 · Salaries	
6201 · Officer	319,000.00
6202 · Other	381,775.42
<b>Total 6200 · Salaries</b>	<u>700,775.42</u>
6210 · Seminars	3,141.90
6220 · Taxes	
6221 · Nondeductible Penalties	8.00
<b>Total 6220 · Taxes</b>	<u>8.00</u>
6230 · Tax Processing	6,198.00
6235 · Tax & Accounting Fees	2,075.00
6240 · Telephone & Utilities	16,051.93
<b>Total Expense</b>	<u>1,164,694.76</u>
<b>Net Ordinary Income</b>	2,711.89
<b>Other Income/Expense</b>	
<b>Other Expense</b>	
7000 · Provision for Income Taxes	
7010 · Federal	851.00
7020 · State	800.00
<b>Total 7000 · Provision for Income Taxes</b>	<u>1,651.00</u>
9000 · Miscellaneous	0.00
<b>Total Other Expense</b>	<u>1,651.00</u>
<b>Net Other Income</b>	<u>-1,651.00</u>
<b>Net Income</b>	<u><u>1,060.89</u></u>

FINANCIAL DESIGNS CORPORATION  
STATEMENT OF RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 2005

Retained Earnings, December 31, 2004	\$ 202,617
Net Income (Loss) 2005	\$ 1,060
Dividends	\$ (1,200)
Increase In Unrealized Capital Losses	<u>\$ (3,810)</u>
Retained Earnings, December 31, 2005	\$ 198,667

**Financial Designs Corporation**  
**Statement of Cash Flows**  
 January through December 2005

	<u>Jan - Dec 05</u>
<b>OPERATING ACTIVITIES</b>	
Net Income	1,060.89
Adjustments to reconcile Net Income to net cash provided by operations:	
1100 · Commissions Receivable	60.00
1120 · Larkin Account	4,161.49
1125 · Bender Funds	-330.83
1150 · Officer Loan	40,000.00
2000 · Clearing Charges	-114.10
2030 · Miscellaneous Liabilities	-3,210.00
2050 · Employee Bonuses	-180.00
2100 · Income Taxes:2101 · Federal	671.00
2105 · Dividend Payable	200.00
<b>Net cash provided by Operating Activities</b>	<u>42,318.45</u>
<b>INVESTING ACTIVITIES</b>	
1300 · Computer	-2,800.21
1500 · Accumulated Depreciation	6,555.00
<b>Net cash provided by Investing Activities</b>	<u>3,754.79</u>
<b>FINANCING ACTIVITIES</b>	
3005 · Dividend	-200.00
3010 · Unrealized Capital Losses	-3,810.17
3900 · Retained Earnings	-1,000.00
<b>Net cash provided by Financing Activities</b>	<u>-5,010.17</u>
<b>Net cash increase for period</b>	41,063.07
<b>Cash at beginning of period</b>	<u>109,225.48</u>
<b>Cash at end of period</b>	<u><u>150,288.55</u></u>

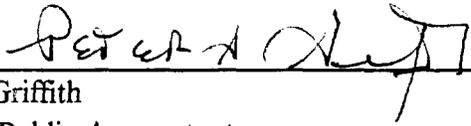
FINANCIAL DESIGNS CORPORATION

STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY

December 31, 2005

Stockholders Equity		
Common Stock	\$ 3,000	
Retained Earnings	<u>\$ 202,617</u>	
Total Stockholders' Equity (12/31/2004)		\$ 205,617
Stockholders' Equity		
Common Stock	\$ 3,000	
Retained Earnings	<u>\$ 198,667</u>	
Total Stockholders' Equity (12/31/04)		<u>\$ 201,667</u>
CHANGE IN STOCKHOLDERS' EQUITY		<u><u>\$ (3,950)</u></u>

I have examined the financial statements of Financial Designs Corporation as of December 31, 2005, and determined that the above information is correct.

  
\_\_\_\_\_  
Peter S. Griffith  
Certified Public Accountant

January 30, 2006

FINANCIAL DESIGNS CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005

1. Principles of Accounting

The financial statement of Financial Designs Corporation are prepared on the accrual basis of accounting. No material inadequacies have been found to exist.

2. Income Taxes

The corporation provides for income taxes utilizing the accrual method of accounting.

3. Common Stock

Shares Authorized:	10,000
Issued & Outstanding:	1,000
Par Value	\$ 3.00

4. Equipment

The company depreciated its fixed assets for financial accounting purposes on the straight line method.

See accompanying accountant's report.

**PETER S. GRIFFITH**  
CERTIFIED PUBLIC ACCOUNTANT  
41 E. FOOTHILL BLVD. SUITE 204  
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e-mail: pete@petersgriffithcpa.com

**FINANCIAL DESIGNS CORPORATION**  
**Report Regarding Material Inadequacies**

I have examined the financial statements of Financial Designs Corporation as of December 31, 2005. My Accountants Report was dated January 30, 2006.

Pursuant to Rule 17a-5(d)(i), no material inadequacies were found to exist since my last audit of February 13, 2005.

My audit was made in accordance with generally accepted auditing standards and included a review of the books, records, accounting systems, bank statements, mutual fund statements, general ledger, blotter, products sales ledger, internal accounting controls, and procedures for safeguarding securities. I reviewed the Statement of Financial Position, the Statement of Operations, the Statement of Cash Flow, the Statement of Changes in Stockholders' Equity, the Computation of Net Capital. The scope of the audit and review of the accounting system were sufficient to provide reasonable assurance that any material inadequacies existing at the date of the examination would be disclosed.

In addition, the audit included reviews of the practices and procedures followed by the client:

1. in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e);
2. in filing the various Focus Reports;
3. in monitoring insider trading and suspicious trades.



Peter S. Griffith  
Certified Public Accountant

January 30, 2006

**PETER S. GRIFFITH**

CERTIFIED PUBLIC ACCOUNTANT

41 E. FOOTHILL BLVD. SUITE 204

ARCADIA, CA 91006

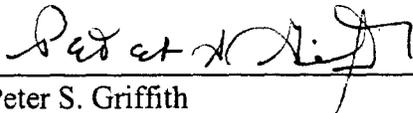
Phone (626) 447-5550

Fax (626) 447-1223

e-mail: [pete@petersgriffithcpa.com](mailto:pete@petersgriffithcpa.com)

I have examined the financial statements of Financial Designs Corporation as of December 31, 2005. My Accountants Report was dated January 30, 2006.

Pursuant to Rule 17a-5 (d) (i), no material inadequacies were found to exist since my last audit of February 13, 2005.



---

Peter S. Griffith  
Certified Public Accountant

January 30, 2006

**PETER S. GRIFFITH**

CERTIFIED PUBLIC ACCOUNTANT

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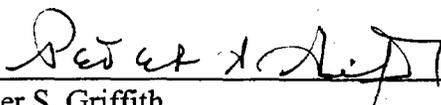
Fax (626) 447-1223

e-mail: [pete@petersgriffithcpa.com](mailto:pete@petersgriffithcpa.com)

To: Securities and Exchange Commission  
NASD, Inc.

Enclosed is a computation of Net Capital under SEC Rule 15c 3-1. In my annual audited report (Form x-17a-5) for fiscal year ending December 31, 2005, I found no major differences between my computation of net capital and Financial Designs Corporations' computation of net capital as determined on the Focus 2A report filed for fiscal year ending December 31, 2005.

Very best regards,

  
Peter S. Griffith  
Certified Public Accountant

January 30, 2006

FINANCIAL DESIGNS CORPORATION

COMPUTATION OF NET CAPITAL

December 31, 2005

Computation of Net Capital	
Ownership equity per audit	\$ 201,667
Modifications	
Net fixed assets	(8,992)
Accrued Income Taxes	859
	<hr/>
Ownership equity per Focus IIA	\$ 193,534
Nonallowable assets	
Officer loan	\$ (20,000)
	<hr/>
Net capital before haircuts on securities positions	\$ 173,534
Haircuts	
Pilgrim Prime Rate \$33,633 x 15% =	\$ 5,045
Emmett Larkin MM \$250 x 2% =	5
Franklin Money Fund \$578 x 2% =	12
Fidelity Prime Fund \$1,236 x 2% =	25
Bender Growth Fund \$7,943 x 15% =	1,191
	<hr/>
	(6,278)
	<hr/>
Net Capital	\$ 167,256

COMPUTATION OF BASIS NET CAPITAL EQUIPMENT

Minimum net capital requirement	\$ 50,000
Excess net capital	\$ 117,256
Excess net capital at 1000%	\$ 165,240
Total A.I. Liabilities from Statement of Financial Condition	\$ 20,165
Total aggregate indebtedness	\$ 20,165
Percentage of aggregate indebtedness to net capital	12.2%
Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	0%

There are no material differences in this computation and the unaudited Focus IIA report.

**PETER S. GRIFFITH**

CERTIFIED PUBLIC ACCOUNTANT

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e-mail: [pete@petersgriffithcpa.com](mailto:pete@petersgriffithcpa.com)

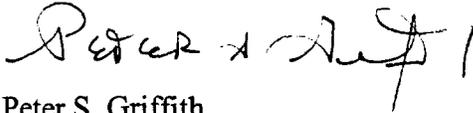
January 30, 2006

To: Securities and Exchange Commission  
NASD, Inc.

Financial Designs Corporation is a fully disclosed Broker/Dealer. Their clearing broker is Emmett A. Larkin Co., Inc.

Financial Designs Corporation does not carry customer accounts or hold customer funds, and does not perform custodial functions relating to customer securities. Financial Designs Corporation claims exemption from the requirements of Rule 15c3-3 pursuant to (k)(2)(ii).

Very best regards,



Peter S. Griffith  
Certified Public Accountant