

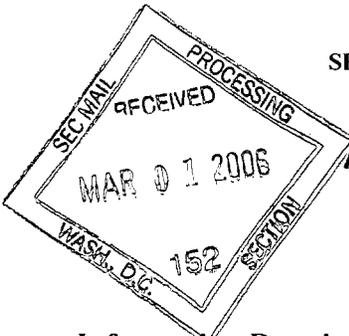
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 48125

**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: <u>MPI Securities, Inc.</u>	OFFICIAL USE ONLY FIRM I.D. NO.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) <u>101 Poor Farm Road</u> (No. and Street)	
<u>Princeton</u> (City)	<u>NJ</u> (State)
<u>08540</u> (Zip Code)	
NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT	
<u>James T. Dwyer III</u>	<u>609-924-4200</u> (Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Mercadien, P.C. (Formerly Druker, Rahl & Fein)
(Name - if individual, state last, first, middle name)

<u>P.O. Box 7648</u> (Address)	<u>Princeton</u> (City)	<u>NJ</u> (State)	<u>08543-7648</u> (Zip Code)
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- CHECK ONE:**
- Certified Public Accountant
 - Public Accountant
 - Accountant not resident in United States or any of its possessions.

PROCESSED
JUN 02 2006 E
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)

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OATH OR AFFIRMATION

I, James T. Dwyer III, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MPI Securities, Inc. 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:

Sworn to me this

27th day of February 2006

[Handwritten Signature]

Signature

Senior Vice President

Title

[Handwritten Signature]

REBECCA L. FORSBERG
Notary Public of New Jersey
My Commission Expires February 15, 2011

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).

MPI SECURITIES, INC.
Financial Statements
and
Supplementary Information
Year Ended December 31, 2005

MPI SECURITIES, INC.

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Year Ended December 31, 2005

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors and Stockholders of
MPI SECURITIES, INC.

We have audited the accompanying statement of financial condition of **MPI SECURITIES, INC.** as of December 31, 2005, and the related statements of income and comprehensive income, changes in stockholders' equity 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 Company'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 **MPI SECURITIES, INC.** as of December 31, 2005, and the results of its operations, changes in stockholders' equity 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 accompanying information on page eight 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 of the Securities and 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.

Mercadien, P.C.
Certified Public Accountants

January 27, 2006

P.O. Box 7648 • Princeton, NJ 08543-7648 • 609.689.9700 • Fax 609.689.9720

www.mercadien.com

OVER 40 YEARS OF SERVICE TO THE COMMUNITY

WARREN A. BROUDY, CPA*
DONALD F. CONWAY, CPA*
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PENNSYLVANIA OFFICE:
86 BUCK ROAD
HOLLAND, PA 18966
215-355-4860

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RSM MCGGLADREY NETWORK

MPI SECURITIES, INC.

STATEMENT OF FINANCIAL CONDITION

December 31, 2005

ASSETS

Cash	\$ 77,373
Accounts receivable	7,022
Prepaid expenses	<u>5,245</u>
Total Assets	<u>\$ 89,640</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities

Accounts payable	\$ 9,673
Income taxes payable	<u>250</u>
Total Liabilities	<u>9,923</u>

Stockholders' Equity

Common stock, no par value; 5,000 shares authorized; 4,386 shares issued and outstanding	\$ 36,146
Additional paid-in capital	27,686
Retained earnings	20,044
Treasury stock, 614 shares at cost	<u>(4,159)</u>
Total Stockholders' Equity	<u>79,717</u>
Total Liabilities and Stockholders' Equity	<u>\$ 89,640</u>

MPI SECURITIES, INC.

STATEMENT OF INCOME AND COMPREHENSIVE INCOME

Year Ended December 31, 2005

Revenues		
Consulting fees		<u>\$ 148,750</u>
Operating expenses		
Management fees		29,143
Consulting fees		66,750
Professional fees		6,000
Licensing fees		5,469
Office expense		1,132
Research		1,726
Publications		227
Seminars and meetings		574
Advertising		1,553
Travel and entertainment		<u>11,725</u>
Total operating expenses		<u>124,299</u>
Income before other income and provision for state income taxes		24,451
Other income		
Realized gain from sale of securities		<u>30,094</u>
Income before provision for state income taxes		54,545
Provision for state income taxes		<u>500</u>
Net income		<u>\$ 54,045</u>
Net income, as shown above		\$ 54,045
Other comprehensive income		
Unrealized gain on securities, net of reclassification adjustment of \$6,675 for gains included in net income		<u>6,675</u>
Comprehensive income		<u>\$ 60,720</u>

See notes to financial statements.

MPI SECURITIES, INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Year Ended December 31, 2005

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income Unrealized Loss On Securities	Total
	Shares	Amount				
Balances, January 1, 2005	4,386	\$ 36,146	\$ 34,616	\$ (4,159)	\$ (6,675)	\$ 87,614
Net income	-	-	54,045	-	-	54,045
Dividends Paid	-	-	(68,617)	-	-	(68,617)
Unrealized gain on securities, net of reclassification	-	-	-	-	6,675	6,675
adjustment of \$6,675 for gains included in net income	-	-	-	-	-	-
Balances, December 31, 2005	4,386	\$ 36,146	\$ 20,044	\$ (4,159)	\$ -	\$ 79,717

See notes to financial statements.

MPI SECURITIES, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2005

Cash Flows from Operating Activities	
Net income	\$ 54,045
Adjustments to reconcile income from operations to net cash provided by operating activities	
Realized gain on sale of securities	(30,094)
Changes in assets and liabilities	
Other receivables	(6,513)
Prepaid expenses	(380)
Accounts payable	<u>5,124</u>
Net cash provided by operating activities	<u>22,182</u>
Cash Flows from Investing Activities	
Proceeds from sale of investments	<u>61,994</u>
Cash Flows from Financing Activities	
Dividends paid	<u>(68,617)</u>
Net increase in cash	15,559
Cash, beginning of year	<u>61,814</u>
Cash, end of year	<u>\$ 77,373</u>
Supplemental Disclosures of Cash Flow Information	
Cash paid during the year for income taxes	<u>\$ 500</u>

See notes to financial statements.

MPI SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

A. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

MPI SECURITIES, INC. (the "Company") was incorporated on January 26, 1995, and is a broker-dealer located in Princeton, New Jersey. The Company is registered with the Securities and Exchange Commission ("SEC") and the State Securities Commission of New Jersey, as well as other states and is a member of the National Association of Securities Dealers, Inc. ("NASD").

The Company provides merger and acquisition advisory and private placement consulting services to clients throughout the United States.

Cash

For the purpose of the statement of cash flows, cash includes time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Accounts Receivable

The Company considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful amounts is required. If amounts become uncollectible, they will be charged to net income when that determination is made.

Investments

Securities held as of January 1, 2005, were classified as Available-for-Sale Securities and were reported at fair value, with unrealized gains and losses reflected as a separate component of stockholders' equity.

All securities have been sold as of December 31, 2005. A realized gain of \$30,094 along with the reversal of previous unrealized losses of \$6,675 from the sale of such security, is reflected in the statement of income and comprehensive income.

Income Taxes

The Company has elected, with the approval of its stockholders, "S" Corporation status for Federal and State income tax purposes; thus the income is taxed to each of the stockholders. With the exception of certain state corporate income taxes, no provision has been made for corporate income taxes in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and assumptions that affect certain related amounts and disclosures. Accordingly, actual results could differ from those estimates.

MPI SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

B. NET CAPITAL REQUIREMENTS

The Company is a registered broker-dealer subject to the SEC Uniform Net Capital Rule 15c3-1. This rule requires that the Company maintain minimum net capital, as defined, of at least the greater of \$5,000 or 6 2/3% of aggregate indebtedness, as defined. Net capital and aggregate indebtedness change from day to day, but as of December 31, 2005, the Company had net capital of \$67,450, which exceeded its requirements of \$5,000 by \$62,450.

C. MAJOR CUSTOMERS

Seven customers account for the Company's total revenues. One of the customers accounts for 24% of the total revenue.

D. RELATED-PARTY TRANSACTIONS

Management Planning, Inc. ("MPI"), an affiliate, provides management services to the Company and is reimbursed based on actual expenditures incurred and allocated overhead. Management fee and consulting fee expenses for the year totaled \$95,893.

E. ADVERTISING

Advertising costs for business promotion are charged to operations when incurred and totaled \$1,553 for the year.

SUPPLEMENTARY INFORMATION

MPI SECURITIES, INC.

COMPUTATION OF NET CAPITAL UNDER SEC RULE 15c3-1

As of December 31, 2005

Stockholders' equity	\$ <u>79,717</u>
Deductions: Non-allowable assets	
Other receivables	(7,022)
Prepaid expenses	<u>(5,245)</u>
Non-allowable assets	<u>(12,267)</u>
Net capital	67,450
Minimum capital requirement	<u>5,000</u>
Net capital in excess of minimum requirement	\$ <u>62,450</u>
Aggregate indebtedness	\$ <u>9,923</u>
Ratio of aggregate indebtedness to net capital	<u>0.1589 to 1</u>

Reconciliation with Company's computation (included in Part II A of Form X-17A-5 as of December 31, 2005).

Net capital, as reported in Company's Part II (unaudited) FOCUS report	\$ 68,560
Audit adjustments (net)	<u>(1,110)</u>
Net capital per above	\$ <u>67,450</u>

The Company claims an exemption from SEC Rule 15c3-3 under the (k)(2)(i) provision, and therefore, no computation for determination of reserve requirements was necessary.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
REQUIRED BY SEC RULE 17a-5

To the Board of Directors and Stockholders of
MPI SECURITIES, INC.

In planning and performing our audit of the financial statements of **MPI SECURITIES, INC.** (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 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 making the quarterly securities examinations, counts, verifications and comparisons and the recordation of differences required by rule 17a-13 or in complying with the requirements for prompt payment for securities of Section 8 of Regulation T of the Board of Governors of the Federal Reserve System.

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 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 Company's 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

WARREN A. BROUDY, CPA*
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*CPA IN NJ AND NY
*CPA IN PA

PENNSYLVANIA OFFICE:
86 BUCK ROAD
HOLLAND, PA 18966
215-355-4860

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OVER 40 YEARS OF SERVICE TO THE COMMUNITY

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
REQUIRED BY SEC RULE 17a-5 (CONTINUED)

management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures in the preceding paragraph.

Because of inherent limitations in any 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 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 under which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors 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 at December 31, 2005, the Company's practices and procedures were adequate to meet the SEC's objectives.

This report recognizes that it is not practical in an organization of the Company's size to achieve all of the divisions of duties and cross-checks generally included in a system of internal accounting control and that, alternatively, greater reliance must be placed on surveillance by management.

This report is intended solely for the information and use of the board of directors, management, the SEC, the NASD Regulation, 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.

Amercadin, P.C.
Certified Public Accountants

January 27, 2006