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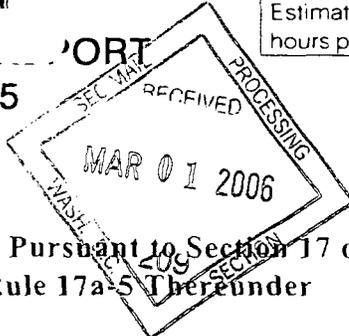


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ANNUAL REPORT  
FORM X-17A-5  
PART III

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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: MATRIX USA, LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

500 Fifth Avenue, Suite 1440

(No. and Street)

New York,  
(City)

NY  
(State)

10110  
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Vincent Buchanan (212) 809-7171

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Todman & Co., CPAs, P.C.

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

120 Broadway  
(Address)

New York,  
(City)

NY  
(State)

10271  
(Zip Code)

CHECK ONE:

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

PROCESSED

JUN 08 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)

**MATRIX U.S.A., LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2005**

**MATRIX U.S.A., LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2005**

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# TODMAN & CO., CPAs, P.C.

*Certified Public Accountants and Business Consultants*  
An Affiliate of TRIEN ROSENBERG

120 Broadway  
New York, NY 10271  
TEL. (212) 962-5930  
FAX (212) 385-0215

## INDEPENDENT AUDITORS' REPORT

To Unitholders of  
**Matrix U.S.A., LLC**  
1285 Avenue of the Americas  
35<sup>th</sup> Floor  
New York, NY 10019

We have audited the accompanying statement of financial condition of Matrix U.S.A., LLC (the "Company") as of December 31, 2005. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with U. S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 9 to the financial statements, the Company has suffered recurring losses from operations and has a unitholders' deficit that raises substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Matrix U.S.A., LLC as of December 31, 2005, in conformity with U.S. generally accepted accounting principles.

  
New York, New York  
February 22, 2006

**MATRIX U.S.A., LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2005**

**ASSETS**

Cash	\$ 141,392
Commissions receivable	48,217
Due from broker	87,283
Securities owned:	
Not readily marketable, at fair value	146,505
Prepaid expenses	27,952
Furniture and equipment (net of accumulated depreciation of \$29,077)	<u>7,246</u>
Total assets	<u>\$ 458,595</u>

**LIABILITIES AND UNITHOLDERS' DEFICIT**

Liabilities	
Accounts payable and accrued expenses	\$ 141,640
Due to related party	<u>1,226</u>
Total liabilities	<u>142,866</u>
Subordinated borrowings	<u>808,158</u>
Unitholders' deficit	<u>(492,429)</u>
Total liabilities and unitholders' deficit	<u>\$ 458,595</u>

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

**MATRIX U.S.A., LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**Note 1 - Organization and Nature of Business**

Matrix U.S.A., LLC, a limited liability company (the "Company"), was organized in the State of New York on November 21, 1994. The Company is engaged in agency transactions, investment banking and private placement transactions and is a member of the National Association of Securities Dealers, Inc. ("NASD") and operates under the provisions of Paragraph (k)(2)(ii) of rule 15c3-3 of the Securities and Exchange Commission ("SEC") and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clears all transactions on behalf of customers on a fully-disclosed basis with a clearing broker-dealer, and promptly transmits 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.

**Note 2 - Summary of Significant Accounting Policies**

**(a) Allocations of Net Income and Loss**

Allocations of net income and loss are determined in accordance with the First Amendment to the Amended and Restated Operating Agreement of the Company.

**(b) Securities Transactions**

Securities transactions and the related revenues and expenses are recorded on a settlement-date basis. Securities owned or sold, not yet purchased by the Company, are valued at market and the resulting unrealized gains or losses are reflected in income. There is no material difference between the trade date and the settlement date.

**(c) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

**(d) Cash and Cash Equivalents**

Cash equivalents consist of highly-liquid investments with original maturities of 90 days or less from the date of purchase.

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash equivalents invested with major financial institutions and cash balances held with financial institutions, which at times exceed federally insurable limits.

**MATRIX U.S.A., LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**(e) Due from Broker**

Due from broker consists of cash at the clearing broker.

**(f) Furniture and Equipment**

Furniture and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets.

**(g) Income Taxes**

In accordance with federal income tax regulations, federal income taxes of the Company are the responsibility of the individual unitholders. Accordingly, no federal provision has been recorded.

**(h) Guaranteed Payments to Members**

Guaranteed payments to members that are intended as compensation for services rendered are accounted for as expenses of the Company rather than as allocations of company net income. Guaranteed payments that are intended as payments of interest on capital accounts are not accounted for as expenses of the Company, but rather, as part of the allocation of net income.

**Note 3 - Securities Owned**

**Securities owned, at market value**, consists of marketable investment securities in corporate stocks at market value.

**Securities owned, not readily marketable, at fair value** consists of investment securities in corporate stocks and warrants at fair value as determined by management due mainly to restrictions and market liquidity.

**Note 4 - Subordinated Borrowings**

As of December 31, 2005, the Company has equity subordinated loans subject to claims of general creditors payable to a related party of its minority unitholder as follows:

Due September 30, 2008, interest at 6%	\$ 50,000
Due July 31, 2007, interest at 6%	30,000
Due November 30, 2007, interest at 6%	150,000
Due March 5, 2008	180,000
Due May 28, 2008	100,000
Due July 31, 2008	100,000
Due July 31, 2008	100,000
Due January 30, 2008, interest at 6%	58,510
Due September 30, 2007, interest at 6%	<u>39,648</u>
	<u>\$ 808,158</u>

**MATRIX U.S.A., LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**Note 4 - Subordinated Borrowings (Continued)**

The subordinated borrowings have been approved by the NASD as regulatory capital and, accordingly, are included as net capital by the Company in computing net capital under the SEC Uniform Capital rule 15c3-1. Interest expense on subordinated borrowings was \$47,866 for the year ended December 31, 2005.

**Note 5 - Commitment**

The Company occupies office space and shares administrative resources and other services under a net revenue and expense sharing agreement with a third party. The agreement requires the Company to make monthly payments totaling \$195,600 annually before certain revenue offsets. During the year ended December 31, 2005 the Company incurred approximately \$49,000 in rent, data processing and general overhead expenses net under this agreement.

**Note 6 - Net Capital Requirement**

The Company is subject to the SEC Uniform Net Capital rule 15c3-1, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2005, the Company had net capital of \$128,167, which was \$118,643 in excess of its required net capital of \$9,524.

**Note 7 - Financial Instruments with Off-Balance-Sheet Risk**

In the normal course of business, the Company's securities activities involve the execution and settlement as agent of various securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill contractual obligations and the Company has to purchase or sell the financial instrument underlying the contract, at a loss.

**Note 8 - Concentration of Credit Risk**

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

**Note 9 - Related Party**

The Company co-markets an investment rating and screening system with a related party, and also uses this system for its own account. Approximately \$57,000 expense and \$42,000 income was recorded for the year. At December 31, 2005 \$1,226 was payable to this related party.

**MATRIX U.S.A., LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**Note 10 - Going Concern**

The Company incurred net losses during the last three years and, as of December 31, 2005, the Company's liabilities exceeded their total assets by \$492,429. The Company's ability to meet its regulatory capital and regulatory requirements is dependent on the related party of a unitholder renewing the subordinated borrowings that mature and continuing new capital infusion when needed.