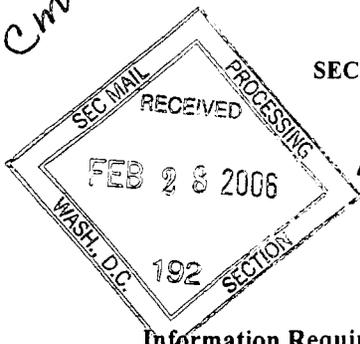


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# ANNUAL AUDITED REPORT FORM X-17A-5 PART III

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 January 1, 2005 AND ENDING December 31, 2005  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **Raven Securities Corp.**

OFFICIAL USE ONLY

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

FIRM ID NO.

14 Wall Street, 30<sup>th</sup> Fl.

(No. and Street)

New York

(City)

NY

(State)

10005

(Zip Code)

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

Franklin A. Osman

718 423-4974

(Area Code - Telephone No.)

## B. ACCOUNTANT IDENTIFICATION

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

Osman, Franklin Allan

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

61-09 219th Street

(Address)

Bayside

(City)

NY

(State)

11364

(Zip Code)

CHECK ONE:

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

PROCESSED  
MAY 04 2005  
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 (3-91)

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**RAVEN SECURITIES CORP.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2005**

**Franklin A. Osman**  
Certified Public Accountant

RAVEN SECURITIES CORP.

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DECEMBER 31, 2005

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Franklin A. Osman  
Certified Public Accountant

**FRANKLIN A. OSMAN**  
**CERTIFIED PUBLIC ACCOUNTANT**

61-09 219th Street  
Bayside, NY 11364

PHONE: (718) 423-4974 FAX: (718) 423-7608  
E-MAIL [f.a.osman@att.net](mailto:f.a.osman@att.net)

MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Raven Securities Corp.  
14 Wall Street, 30th Floor  
New York, NY 10005

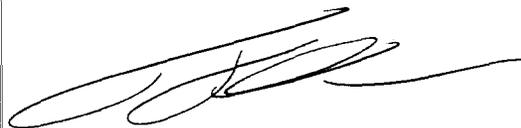
I have audited the accompanying statement of financial condition of Raven Securities Corp. as of December 31, 2005 and the related statements of income, Stockholders' equity, cash flows, and the statement of 15 c3-1 net capital computation for the year then ended. These financial statements and the supplemental schedules are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards generally accepted in the United States of America. 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, 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, such financial statements present fairly, in all material respects, the financial position of Raven Securities Corp. at December 31, 2005, and the results of operations and cash flows for the year then ended in conformity with generally accepted accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information 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 Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bayside, NY  
February 3, 2006



**Raven Securities Corp.**

**Statement of Financial Condition**

**December 31, 2005**

**Assets**

Cash	\$ 3,519
Deposit account	102,528
Clearing account	38,842
Commissions receivable	81,052
Prepaid taxes	3,310
Shareholder loans receivable	33,494
Exchange membership contributed for the use of the firm at market value	<u>3,505,000</u>
Total assets	<u>\$ 3,767,745</u>

**Liabilities and Stockholders' Equity**

Liabilities:	
Accrued expenses	\$ 56,123
Exchange membership contributed for the use of the firm at market value	<u>3,505,000</u>
Total liabilities	<u>3,561,123</u>
Stockholders' equity:	
Common stock, \$100 par value, 100 shares authorized; issued and outstanding	10,000
Additional paid-in capital	50,000
Retained earnings	<u>146,622</u>
	<u>206,622</u>
Total liabilities and stockholders' equity	<u>\$ 3,767,745</u>

See accompanying notes to financial statements

**Raven Securities Corp.**

**Statement of Income**

**Year Ended December 31, 2005**

**Income**

Commission income	\$1,489,016
Interest income	<u>2,663</u>
	1,491,679

**Expenses**

Payroll and related expenses	\$ 904,851	
Floor clerk expenses	15,678	
Floor brokerage	42,178	
New York Stock Exchange expenses	79,766	
Travel, entertainment and promotion	124,015	
Errors on floor	3,333	
Employee benefits	65,898	
Telephone	46,766	
Professional fees	39,681	
Office expenses	44,730	
Insurance	2,421	
New York state and city corporation taxes	9,546	
Clearance expense	47,723	
Charitable donations	6,603	
Dues and fees	<u>4,588</u>	
		<u>1,437,777</u>
Net Income		\$ <u><u>53,902</u></u>

See accompanying notes to financial statements.

**Raven Securities Corp.**

**Statement of Changes in Stockholders' Equity**

**Year Ended December 31, 2005**

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>
Balance, January 01, 2005	\$ 10,000	\$ 50,000	\$ 92,720	\$ 152,720
Net Income	<u>-</u>	<u>-</u>	<u>53,902</u>	<u>53,902</u>
Balance, December 31, 2005	<u>\$ 10,000</u>	<u>\$ 50,000</u>	<u>\$146,622</u>	<u>\$ 206,622</u>

See accompanying notes to financial statements

- 6 -

Franklin A. Osman  
Certified Public Accountant

Raven Securities Corp.

Statement of Cash Flows

Year Ended December 31, 2005

Cash flows from operating activities:	
Net Income	\$ 50,902
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
(Increase) in deposit account	( 17,220 )
(Increase) in clearing accounts	( 16,077 )
(Increase) in commissions receivable	( 14,376 )
(Increase) in prepaid taxes	( 3,310 )
(Increase) in shareholder loans	( 11,465 )
Increase in accrued expenses	<u>8,052</u>
Total adjustments	<u>54,396</u>
Net cash used by operating activities	<u>( 494 )</u>
Net (decrease) in cash and cash equivalents	( 494 )
Cash, beginning of year	<u>4,013</u>
Cash, end of year	<u>\$ 3,519</u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for:	
Interest expense	\$ -
New York state and city corporation taxes	\$ 13,726

See accompanying notes to financial statements

- 7 -

Franklin A. Osman  
Certified Public Accountant

**Raven Securities Corp**

**Notes to Financial Statements**

**Year Ended December 31, 2005**

**1. Summary of Significant Accounting Policies:**

**Organization:**

The company was incorporated under the laws of the State of New York on September 21, 1988 and was authorized to do business in New York. It is a member of the New York Stock Exchange and operates as a floor broker.

**Deposit Account:**

The corporation has \$102,528 on deposit with La Branche Financial Services, Inc., a New York Stock Exchange member. Raven Securities Corp.'s good faith deposit must be increased so that it will represent no less than 30% of its commitment. Raven Securities Corp. has agreed to maintain a good faith deposit of \$100,000.

**Income Taxes:**

The corporation has elected to be taxed as an "S" corporation under the Internal Revenue Code for federal and state income tax purposes. Such election allows income to be taxed directly to the stockholders. Accordingly, no provision has been made for federal and state income taxes, other than the minimum required by New York State. Provision has been made, however, for New York City corporation tax.

**Use of Estimates:**

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from estimates that were assumed in preparing the financial statements.

**Exchange Membership:**

The membership on the New York Stock Exchange is owned by a stockholder and contributed for use by the company.

**Raven Securities Corp**

**Notes to Financial Statements (continued)**

**Year Ended December 31, 2005**

**2. Commitments and Contingencies**

The New York Stock Exchange (NYSE) and the Archipelago Exchange (ARCAEX) announced on April 20, 2005 that they entered into a definitive merger agreement that will lead to the combined entity, NYSE Group Inc. becoming a publicly held company. The NYSE members approved the merger on December 06, 2005, subject to SEC approval. As a result of the merger the NYSE created trading licenses. These trading licenses will be issued by the NYSE as a requirement to effect transactions on the floor of the exchange or through any facility thereof. Only qualified and approved member organizations may acquire and hold a trading license.

Trading licenses will be available for \$54,219 per year and billed monthly, pro-rated for the amount of time remaining for the year. The maximum number of trading licenses available is 1,366. The first monthly bill will include a charge for a deposit equal to one month's installment. These trading licenses will become valid once the merger becomes effective following SEC approval.

**3. Net Capital Requirements:**

Raven Securities Corp. is subject to the Securities and Exchange Commission's Uniform Net Capital rule (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 (and the rule of the New York Stock Exchange also provides that equity capital may not be withdrawn if the resulting net capital ratio would exceed 10 to 1). At December 31, 2005, Raven Securities Corp. had net capital of \$164,296 after eliminating non-allowable assets. This was \$159,296 in excess of its required net capital. Raven Securities Corp.'s net capital ratio was 0.3416 to 1.

**4. Financial Instruments with Off-Balance Sheet Credit Risk:**

As a securities broker, the company is engaged in buying and selling securities for a diverse group of institutional investors and broker/dealers. The company's transactions are principally executed with and on behalf of broker/dealers and other financial institutions. The company introduces these transactions for clearance to another broker/dealer on a fully disclosed basis.

**Raven Securities Corp.**

**Notes to Financial Statements (continued)**

**Year Ended December 31, 2005**

**4. Financial Instruments with Off-Balance Sheet Credit Risk continued:**

The company's exposure to credit risk associated with non-performance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair customers' ability to satisfy their obligations to the company and the company's ability to liquidate the collateral at an amount equal to the original contracted amount. The agreement between the company and its clearing broker provides that the company is obligated to assume any exposure related to such non-performance by its customers. The company seeks to control the aforementioned risks by requiring customers to maintain margin collateral in compliance with various regulatory requirements and the clearing brokers internal guidelines. The company monitors its customers' activity by reviewing information it receives from its clearing broker on a daily basis, and requiring customers to deposit additional collateral, or reduce positions when necessary.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

BROKER OR DEALER Raven Securities Corp.

as of 12/31/2005

**COMPUTATION OF NET CAPITAL**

1. Total ownership equity from Statement of Financial Condition.....		\$	206,622	<b>3480</b>
2. Deduct ownership equity not allowable for Net Capital.....			( )	<b>3490</b>
3. Total ownership equity qualified for Net Capital.....			206,622	<b>3500</b>
4. Add:				
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital.....				<b>3520</b>
B. Other (deductions) or allowable credits (List).....				<b>3525</b>
5. Total capital and allowable subordinated liabilities.....		\$	206,622	<b>3530</b>
6. Deductions and/or charges:				
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	\$	42,326		<b>3540</b>
B. Secured demand note delinquency.....				<b>3590</b>
C. Commodity futures contracts and spot commodities-proprietary capital charges.....				<b>3600</b>
D. Other deductions and/or charges.....				<b>3610</b>
7. Other additions and/or allowable credits (List).....			( 52,326 )	<b>3620</b>
8. Net capital before haircuts on securities positions.....				<b>3630</b>
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):		\$	164,296	<b>3640</b>
A. Contractual securities commitments.....				<b>3660</b>
B. Subordinated securities borrowings.....				<b>3670</b>
C. Trading and investment securities:				
1. Exempted securities.....				<b>3735</b>
2. Debt securities.....				<b>3733</b>
3. Options.....				<b>3730</b>
4. Other securities.....				<b>3734</b>
D. Undue Concentration.....				<b>3650</b>
E. Other (List).....				<b>3736</b>
10. Net Capital.....		\$	164,296	<b>3740</b>
				<b>3750</b>

OMIT PENNIES

Reconciliation with Raven Securities Corp.'s computation - included on Part IIA of Form X-17A-5 as of December 31, 2005 filed January 2006.

Net capital as reported in Raven Securities Corp.'s Part IIA unaudited focus report	\$	174,796
Net adjustments	(	10,500 )
Net capital per above	\$	<u>164,296</u>

Non-allowable assets:

Commissions receivable - aged	5,522
Shareholder loans	33,494
Prepaid taxes	3,310

\$ 42,326

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

BROKER OR DEALER Raven Securities Corp.

as of 12/31/2005

**COMPUTATION OF NET CAPITAL REQUIREMENT**

**PART A**

11. Minimum net capital required (6 <sup>2/3</sup> % of line 19).....	\$	3,742	<b>3756</b>
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A).....	\$	5,000	<b>3758</b>
13. Net capital requirement (greater of line 11 or 12).....	\$	5,000	<b>3760</b>
14. Excess net capital (line 10 less 13).....	\$	159,296	<b>3770</b>
15. Excess net capital at 1000% (line 10 less 10% of line 19).....	\$	158,296	<b>3780</b>

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

16. Total A.I. liabilities from Statement of Financial Condition.....	\$	56,123	<b>3790</b>
17. Add:			
A. Drafts for immediate credit.....	\$	<b>3800</b>	
B. Market value of securities borrowed for which no equivalent value is paid or credited.....	\$	<b>3810</b>	
C. Other unrecorded amounts (List).....	\$	<b>3820</b>	<b>3830</b>
19. Total aggregate indebtedness.....	\$	56,123	<b>3840</b>
20. Percentage of aggregate indebtedness to net capital (line 19 divided by line 10)	%	34.16	<b>3850</b>
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	%		<b>3860</b>

**COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT**

**PART B**

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits.....	\$	<b>3970</b>
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A).....	\$	<b>3880</b>
24. Net capital requirement (greater of line 22 or 23).....	\$	<b>3760</b>
25. Excess capital (line 10 less 24).....	\$	<b>3910</b>
26. Net capital in excess of the greater of:		
A. 5% of combined aggregate debit items or \$120,000.....	\$	<b>3920</b>

**NOTES:**

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
  1. Minimum dollar net capital requirement, or
  2. 6<sup>2/3</sup>% of aggregate indebtedness or 4% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

\* Reconciliation with Raven Securities Corp.'s computation included in Part IIA of Form X-17A-5 line 3840 as of December 31, 2005 filed in January 2006:

Aggregate indebtedness as reported in Raven Securities Corp.'s Part IIA unaudited focus report	\$	45,623
Net adjustments		10,500
Aggregate indebtedness per above	\$	<u>56,123</u>

**FRANKLIN A. OSMAN**  
**CERTIFIED PUBLIC ACCOUNTANT**

61-09 29th Street  
Bayside, NY 11364

PHONE: (718) 423-4974 FAX: (718) 423-7608

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CONNECTICUT STATE BOARD OF ACCOUNTANCY  
CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's

Report on Internal Control Structure

Required by SEC Rule 17a-5

Raven Securities Corp.  
14 Wall Street, 30th Floor  
New York, NY 10005

In planning and performing my audit of the financial statements of Raven Securities Corp. for the period ended December 31, 2005, I considered the internal control structure, including procedures for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5 (g)(1) of the Securities and Exchange Commission, I have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Raven Securities Corp. that I 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 the procedures for determining compliance with the exemptive provisions of rule 15c3-3. I did not review the practices and procedures followed by it in making quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-12 (2) in complying with the requirements for prompt payment of securities under section 8 of Regulation T of the Board of Governors of the Federal Reserve System, and (3) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15c3-3 because it does not carry security accounts for customers or perform custodial functions relating to customer securities.

Raven Securities Corp. is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by Raven Securities Corp. are required to assess the expected benefits and related costs of internal control structure policies and procedures 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 Commission's above mentioned objectives. Two of the objectives of an internal

control structure and the practices and procedures are to provide it with reasonable, but not absolute, assurance that assets for which it has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with its 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. The above should be considered with the fact that the company is owned by two individuals and does not maintain a separate office staff.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure elements does not reduce to a relatively low level the risk that errors or irregularities 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, I noted no matters involving the internal control structure, including procedures for safeguarding securities, that I consider to be material weaknesses as defined above.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission 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 my study, no facts came to my attention indicating that it was not in compliance with such conditions during the period from January 01, 2005 to December 31, 2005.

This report is intended solely for the use of Raven Securities Corp., the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and other regulatory agencies which rely on rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

Bayside, NY  
February 3, 2006

Franklin A. Osman, CPA

- 14 -

Franklin A. Osman  
Certified Public Accountant

**FRANKLIN A. OSMAN**  
**CERTIFIED PUBLIC ACCOUNTANT**

61-09 219th Street  
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**INDEPENDENT AUDITOR'S REPORT  
OF DIFFERENCES BETWEEN  
AUDITED REPORT AND FOCUS REPORT  
DECEMBER 31, 2005**

Raven Securities Corp.  
14 Wall Street 30th Floor  
New York, NY 10005

In performing my audit of Raven Securities Corp. for the period ended December 31, 2005, I made adjustments that affected the December 31, 2005 focus report Form X-17A-5.

The adjustments were as follows:

A. Increase in accrued expenses (\$ 10,500 )

The net capital after haircuts as reported on my December 31, 2005 audited report was \$164,296; the net capital after haircuts as reported on the December 31, 2005 focus report Form X-17A-5 was \$174,796. This report was not prepared by me. The difference between these figures is \$10,500 as indicated above.

Franklin A. Osman, CPA