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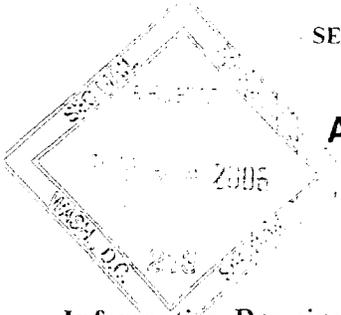
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ANNUAL AUDITED REPORT FORM X-17A-5 PART III

SEC FILE NUMBER
8-45251

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: Pond Securities Corp. dba Pond Equities

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
4522 FORT HAMILTON PARKWAY
(No. and Street)

BROOKLYN NY 11219
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
MIRIAM WERCZBERGER (718) 437-3657
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
RISCHALL, NEIL D.
(Name - if individual, state last, first, middle name)

1146 EAST 32ND STREET BROOKLYN NY 11210
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

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PROCESSED
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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)

Handwritten signature/initials

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, EZRA BIRNBAUM, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of POND EQUITIES 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:

N/A



Signature



Title

Matthew R.J. Sandrowicz
NOTARY PUBLIC, State of New York
No. 01SA6067654
Qualified in Nassau County
Commission Expires 12/10/05


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).

Neil D. Rischall
Certified Public Accountant
1146 East 32nd Street
Brooklyn, New York 11210
Phone (718) 692-0510

To the Stockholders of
Pond Equities

I have audited the accompanying statement of financial condition of Pond Equities as of December 31, 2005, and the related statements of income, changes in stockholders' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities and Exchange Act of 1934. 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 audit.

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 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 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 Pond Equities as of December 31, 2005 and the results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for the purpose 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.



Neil D. Rischall CPA
Brooklyn, New York
February 27, 2006

Neil D. Rischall
Certified Public Accountant
1146 East 32nd Street
Brooklyn, New York 11210
Phone (718) 692-0510

To the Stockholders of
Pond Equities

I have examined the financial statements of Pond Equities for the year ended December 31, 2005, and have issued my report thereon dated February 27, 2006. As part of my examination, I made a study evaluation of the company's system of internal accounting controls, (which includes the procedures for safeguarding securities to the extent I considered necessary to evaluate the system), as required under generally accepted auditing standards. The purpose of my study and evaluation, which included obtaining an understanding of the accounting system, was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the financial statements.

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 Pond Equities that I considered relevant to the objectives stated in rule 17a-5(g): (1) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a) (11) and reserve required by Rule 15c3-3(e); (2) in making the quarterly securities examinations, counts, verification, and comparisons, and the recordation of differences required by Rule 17a-3; (3) 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; and (4) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of the customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining a system of internal control and the practices and procedures referred to in the previous paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess whether those practices and procedures can be expected to achieve the commissions above-mentioned objectives. The objectives of a system and the practices and procedures are to provide management with a reasonable, but not absolute, assurance that assets for which the company has responsibility are safeguarded against loss from unauthorized use or disposition, and the transactions are executed in accordance with management's authorization and recorded properly to permit the the 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.

To the Stockholders of
Pond Equities

Because of the inherent limitations in any internal accounting control procedures or the practices and procedures referred to above, errors or irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of them to any future periods, is subject to the risk that they may become inadequate because changes in conditions or that the degree of compliance with them may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of Pond Equities taken as whole. However, my study and evaluation disclosed no condition that I believed to be a material weakness.

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 purpose 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, I believe that the company's practices and procedures were adequate at December 31, 2005 to meet the commission's objectives.

This report is intended solely for the use of management and the Securities Exchange Commission and should not be used for any other purpose.



Neil D. Rischall CPA
Brooklyn, New York
February 27, 2006

**Pond Equities
Balance Sheet
December 31, 2005**

Assets	
Cash	\$ 122,580
Due from broker	6,135
Securities owned	3,305,163
Other assets	21,600
	<u>\$ 3,455,478</u>
 Liabilities and Stockholders Equity	
Liabilities:	
Accounts payable, accrued expenses and other liabilities	\$ 2,457,875
Securities sold not yet purchased	172,883
	<u>2,630,758</u>
Commitment and contingent liabilities	
Subordinated borrowings	100,000
 Stockholders Equity	
Common Stock	500
Paid in Capital	46,300
Retained Earnings	677,920
Total Stockholders Equity	<u>724,720</u>
	<u><u>\$ 3,455,478</u></u>

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

Pond Equities
Statement of Operations
for the Year Ended December 31, 2005

Revenues:

Commission Income	\$ 4,309,830
Trading Income (Loss)	1,107,604
Margin, interest, & dividend income	58,680
Other income	530,895
Total Revenues	<u>6,007,009</u>

Expenses:

Salaries	3,259,860
Travel and selling	369,997
Commissions	330,171
Rent	310,000
Clearing and transaction fees	208,602
Insurance	194,248
Delivery and auto	182,872
Dues	175,657
Payroll expenses	141,905
Professional services	83,876
Allowance for doubtful accounts	81,183
Communications	56,264
Employee benefits	53,997
Office	51,159
Advertising	50,064
Taxes	44,905
Interest expense	22,339
Computer services	22,175
Utilities	8,525
Total expenses	<u>5,647,799</u>

Net income	<u><u>\$ 359,210</u></u>
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The accompanying notes are an integral part of these financial statements.

Pond Equities
Statement of Changes in Stockholders Equity
for the Year Ended December 31, 2005

	Common Stock	Paid-in Capital	Retained Earnings
Balances at January 1, 2005	\$ 500	\$ 46,300	\$ 418,710
Net income			359,210
(Draws) of income			(100,000)
Balances at December 31, 2005	<u>\$ 500</u>	<u>\$ 46,300</u>	<u>\$ 677,920</u>

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

Pond Equities
Statement of Changes in Liabilities
Subordinated to Claims of General Creditors
for the Year Ended December 31, 2005

Subordinated Liabilities as of January 1, 2005	\$ 200,000
(Decrease) in subordinated loans	(100,000)
Subordinated Liabilities as of December 31, 2005	<u>\$ 100,000</u>

	Equity	Other	Total
Subordinated Liabilities			
Balances at January 1, 2005	0	0	\$ 200,000
Increase			
Decrease			100,000
Subordinated Liabilities			
Balances at December 31, 2005	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 100,000</u>

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

Pond Equities
Statement of Cash Flows
for the Year ended December 31, 2005

Cash flows form operations:

Net income \$ 359,210

Adjustments to reconcile net income to cash:

Changes in Assets:

Decrease in due from brokers	2,150,009	
Decrease in other assets	228,400	
(Increase) in securities owned	<u>(836,151)</u>	
Total change in assets		1,542,258

Changes in Liabilities:

(Decrease) in accrued and other liabilities	1,296,015	
(Decrease) in securities sold	<u>(2,771,249)</u>	
		(1,475,234)

Cash flows from financing:

Draws of income	(100,000)	
(Decrease) in subordinated liabilities	<u>(100,000)</u>	
Net increase in cash		226,234

Cash at January 1, 2005 (103,654)

Cash at December 31, 2005 \$ 122,580

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

Pond Equities
Computations of Net Capital
December 31, 2005

	Schedule I
Total Shareholders Equity	724,720
add: Subordinated Liabilities	<u>100,000</u>
	824,720
Non-Allowable Items:	
less: Non-Allowable Assets	<u> </u>
Net Capital before haircuts	824,720
Haircuts:	
Stocks	(347,561)
Undue Concentration	(57,261)
Money Market Asset Fund	(15,719)
Government Treasury Bond	<u>(19,762)</u>
Net capital	384,417
Calculation on aggregate indebtedness:	
Total liabilities	2,730,758
less: Non-AI items	<u>(272,883)</u>
Aggregate indebtedness:	2,457,875
Computation of basic net capital requirement	
Minimum net capital required (based on aggregate indebtedness)	163,858
Minimum dollar requirement	100,000
Net capital requirement	100,000
Actual net capital	384,417
Excess net capital	284,417
Excess net capital - 1000%	<u><u>138,630</u></u>
Ratio: Aggregate indebtedness to net capital	<u><u>639%</u></u>
Debt/Debt Equity	<u><u>12%</u></u>

Pond Equities
Notes to Financial Statements

Significant Accounting Policies:

1. Pond Equities has \$ 100,000 subordinated liabilities as of December 31, 2005
2. The computation of net capital and the computation for the determination of reserve requirements in this report does not differ materially from the unaudited computation independently submitted by Pond Equities.
3. Pond Equities has elected not to be subject to the provisions of Rule 15c3-3 and has no "Special Reserve Bank Account".
4. Information for possession or control requirements under rule 15c3-3 : All customer's fully paid for securities were either in possession or control of Pond Equities, or when not, were the result of temporary lags which resulted from normal business operations.