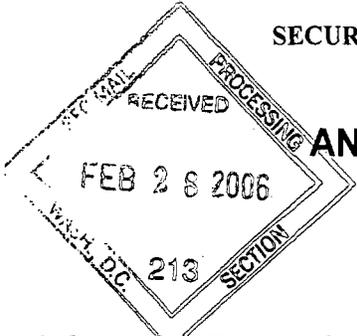


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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8-50789

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:

Ritchie Capital Investments, Ltd.

OFFICIAL USE ONLY
FIRM ID. NO.

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

2100 Enterprise Avenue

Geneva

Illinois

60134

(City)

(State)

(Zip Code)

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

Somara C. Zwick

(630) 406-6411

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP

233 South Wacker Drive

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

Chicago

IL

60606

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED
APR 28 2006
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).

Handwritten signature/initials

OATH OR AFFIRMATION

I, Somara C. Zwick, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Ritchie Capital Investments, Ltd., 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:

None

Somara C. Zwick
Signature
Chief Financial Officer
Title

Josie Inlow
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 Cash Flows.
- (e) Statement of Changes in Stockholders' Equity.
- (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 and the Computation for Determination of the Reserve Requirements Under Exhibit A or 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) Supplemental Report of Independent Registered Public Accounting Firm on Internal Control.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Ritchie Capital Investments, Ltd.
(A Cayman Islands Company)

Statement of Financial Condition

December 31, 2005

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Report of Independent Registered Public Accounting Firm

The Stockholders
Ritchie Capital Investments, Ltd.

We have audited the accompanying statement of financial condition of Ritchie Capital Investments, Ltd. (the Company) as of December 31, 2005. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of the Company at December 31, 2005, in conformity with accounting principles generally accepted in the United States.



February 9, 2006

Ritchie Capital Investments, Ltd.
(A Cayman Islands Company)

Statement of Financial Condition

December 31, 2005

Assets	
Cash	\$ 19,270
Securities owned	8,687,580
Receivables from brokers	6,198,744
Dividends and interest receivable	27,543
Receivable from affiliate	180,636
Fixed assets (net of accumulated depreciation and amortization of \$846,886)	573,109
Other assets	25,000
Total assets	<u>\$ 15,711,882</u>
Liabilities and stockholders' equity	
Liabilities:	
Securities sold, not yet purchased	\$ 7,430,436
Dividends and interest payable	23,998
Accounts payable and accrued expenses	192,836
Total liabilities	<u>7,647,270</u>
Stockholders' equity:	
Capital stock (par value \$0.01, 5,000,000 authorized, 75,612 issued and outstanding)	756
Additional paid-in capital	6,944,760
Retained earnings	1,119,096
Total stockholders' equity	<u>8,064,612</u>
Total liabilities and stockholders' equity	<u>\$ 15,711,882</u>

See notes to statement of financial condition.

Ritchie Capital Investments, Ltd.
(A Cayman Islands Company)

Notes to Statement of Financial Condition

December 31, 2005

1. Organization and Nature of Business

Ritchie Capital Investments, Ltd. (the Company) is a securities broker-dealer registered with the Securities and Exchange Commission (the SEC) solely conducting proprietary investment and trading activities. The Company was incorporated under the laws of the Cayman Islands in December 1997.

The Company has entered into agreements with unrelated broker-dealers to process and clear all of the Company's securities and derivative transactions. Substantially all of the Company's investments and substantially all of its capital are held by such broker-dealers to facilitate the Company's trading activities.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Company's statement of financial condition has been prepared in accordance with accounting principles generally accepted in the United States.

Use of Estimates

The preparation of the statement of financial condition in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect amounts reported in the statement of financial condition and accompanying notes. Management believes that the estimates utilized in preparing its statement of financial condition are reasonable and prudent. Actual results could differ from those estimates.

Securities Owned and Securities Sold, Not Yet Purchased

Securities transactions and the related revenues and expenses are recorded on a trade-date basis. Securities owned and securities sold, not yet purchased, are stated at market value with related changes in unrealized appreciation or depreciation reflected in trading gains. Market value is generally based on published market prices or other relevant factors, including dealer price quotations.

Ritchie Capital Investments, Ltd.
(A Cayman Islands Company)

Notes to Statement of Financial Condition (continued)

2. Summary of Significant Accounting Policies (continued)

Receivables From and Payables to Clearing Brokers

Receivables from and payables to clearing brokers include net receivables and payables for unsettled trades, unrealized gains and losses on open futures contracts, and cash and margin balances held at the brokers. The Company's clearing brokers charge the Company interest based upon the federal funds rate computed on a daily basis for any margin borrowings. Additionally, the Company earns interest from its clearing brokers based upon the federal funds rate computed on a daily basis on the fair value of securities sold, not yet purchased, plus any other credit balances.

Futures Contracts

Futures contracts are recorded on the trade date. Fair value is based upon the closing exchange settlement prices as of the date of valuation.

Fixed Assets

Fixed assets include computer equipment, furniture and fixtures, and leasehold improvements, which are depreciated using the straight-line method over the estimated useful lives of the assets.

Execution Fees

The Company provides execution services for other broker-dealers using a guaranteed proprietary volume-weighted average pricing system owned by a member of the Company. The Company has entered into clearing agreements with unrelated broker-dealers to process and clear all of the Company's securities transactions.

Income Taxes

The Company is treated as a partnership for U.S. income tax purposes. A partnership is not liable for income taxes as each partner recognizes its proportionate share of the partnership taxable income or loss in its tax return; therefore, no provision for taxes is made in the Company's statement of financial condition.

There is currently no taxation imposed on income or capital gains by the Government of the Cayman Islands. As a result, no tax liability or expense has been recorded in the accompanying statement of financial condition.

Ritchie Capital Investments, Ltd.
(A Cayman Islands Company)

Notes to Statement of Financial Condition (continued)

3. Securities Owned and Securities Sold, Not Yet Purchased

At December 31, 2005, securities owned and securities sold, not yet purchased, by the Company were comprised as follows:

	<u>Owned</u>	<u>Sold, Not Yet Purchased</u>
Equities	\$ 8,687,580	\$ 7,430,436
	<u>\$ 8,687,580</u>	<u>\$ 7,430,436</u>

Securities owned are generally pledged to the clearing brokers on terms that permit those parties to sell or repledge the securities to others, subject to certain limitations.

Securities sold, not yet purchased, represent obligations of the Company to deliver the specified security at the contracted price and, thereby, create a liability to purchase the security in the market at prevailing prices. Accordingly, these transactions result in off-balance sheet risk as the Company's ultimate obligation to satisfy the sale of securities sold, not yet purchased, may exceed the amount reflected in the statement of financial condition.

4. Derivative Financial Instruments and Other Off-Balance Sheet Risk

Derivative financial instruments traded by the Company include futures and options contracts, whose values are based upon an underlying asset, index, or reference rate, and generally represent future commitments to purchase or sell other financial instruments at specified future dates. As of December 31, 2005, the fair value of futures contracts was \$18,854, which is included in receivables from clearing brokers on the statement of financial condition. There were no outstanding option contracts as of December 31, 2005.

Derivatives are subject to various risks similar to those related to the underlying financial instruments, including market and credit risk. The Company uses derivative financial instruments in the normal course of its business to take proprietary trading positions and to manage exposure to loss due to interest rate, exchange rate, and equity market risk. The risks of derivatives should not be viewed in isolation, but rather should be considered on an aggregate basis along with the Company's other trading activities. The Company manages the risks associated with derivatives along with its proprietary trading activities in cash instruments within the Company's overall risk management framework.

Ritchie Capital Investments, Ltd.
(A Cayman Islands Company)

Notes to Statement of Financial Condition (continued)

4. Derivative Financial Instruments and Other Off-Balance Sheet Risk (continued)

Market risk is the potential for changes in the value of derivative financial instruments due to market changes, including interest and foreign exchange rate movements, and fluctuations in security prices. Market risk is directly impacted by the volatility and liquidity in the markets in which the related underlying assets are traded. The Company manages its exposure to market risk related to trading instruments on an aggregate basis combining the effects of cash instruments and derivative contracts.

Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of a contract. At any point in time, the credit risk for OTC derivative contracts is limited to the net unrealized gain as reported in the statement of financial condition for each counterparty for which a netting agreement exists. In a similar fashion, liabilities represent net amounts owed to counterparties. This netting basis is executed across products and cash collateral when these provisions are specified in the netting agreement. Credit risk due to exchange-traded financial instruments, such as futures and options, is reduced by the regulatory requirements of the individual exchanges on which the instruments are traded. Since the Company does not clear its own securities transactions, it has established accounts with other financial institutions for this purpose. This can, and often does, result in concentrations of credit risk with one or more of these clearing firms. Such risk, however, is mitigated by the obligation of the financial institutions to comply with rules and regulations governing broker-dealers. These rules and regulations generally require maintenance of net capital, as defined, and segregation of customers' funds and securities from holdings of the broker-dealer. Transactions in OTC derivative contracts are entered into with major commercial and investment banks. There was no credit risk exposure with respect to OTC derivative contracts as of December 31, 2005, as there were no outstanding OTC derivatives at December 31, 2005.

Futures contracts are commitments to either purchase or sell a financial instrument or commodity at a future date for a specified price. All of these contracts may be settled in cash or through delivery of the underlying instrument. Margin deposits are generally required to enter into futures contracts and are generally small in value relative to the gross value of the underlying futures contract. Consequently, small price changes in the underlying financial instrument may result in comparably large trading gains or losses to the Company. Futures contracts can be closed out at the discretion of the Company. However, illiquidity in the market could prevent the timely close-out of any unfavorable positions or require the Company to hold those positions until the contract expiration, regardless of the changes in their value or the Company's investment strategy.

Ritchie Capital Investments, Ltd.
(A Cayman Islands Company)

Notes to Statement of Financial Condition (continued)

5. Fixed Assets

At December 31, 2005, fixed assets consisted of computer equipment with a net book value of \$550,066, furniture and fixtures with a net book value of \$20,448, and leasehold improvements with a net book value of \$2,595. The associated useful lives for these asset classes are 5, 7, and 5 years, respectively.

6. Related-Party Transactions

The Company incurred and paid management fees to a related party, Fox River Financial Resources, Inc. (Fox River). Fox River provides certain management services, such as payroll processing, accounting, and other administrative services. Fox River is a Subchapter S corporation wholly owned by one of the Company's stockholders.

The Company executes trades on behalf of an entity, RC Capital, LLC, owned by the same stockholders of the Company. The Company earns a fee on trades introduced by RC Capital, LLC. Upon execution of these trades, the Company pays brokerage and execution fees on behalf of RC Capital, LLC and then is reimbursed by RC Capital, LLC. The amount of brokerage and execution fees receivable from RC Capital, LLC as of December 31, 2005, is \$180,636 and recorded in receivable from affiliate on the statement of financial condition.

7. Capital Stock

The Company is authorized to issue 5,000,000 shares of stock with a par value of \$0.01 each, of which 75,612 shares were issued and outstanding at December 31, 2005. The holders of the capital stock are entitled to one vote for each share held.

8. Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1). Under Rule 15c3-1, the Company is required to maintain minimum net capital equal to \$100,000 or 6 2/3% of aggregate indebtedness, whichever is greater, as these terms are defined.

Net capital and aggregate indebtedness change daily. At December 31, 2005, the Company had net capital of \$4,886,276, which was \$4,786,276 in excess of the required net capital of \$100,000.

Ritchie Capital Investments, Ltd.
(A Cayman Islands Company)

Notes to Statement of Financial Condition (continued)

9. Contingencies

In 2003, the Company received a subpoena in connection with the ongoing investigation into United States mutual fund "market timing." The Company cooperated with this investigation, supplied all subpoenaed information, and has received no further requests nor communications in regard to this matter. The final outcome of these matters cannot be determined at this time, but management believes that the ultimate outcome would not be material to the accompanying statement of financial condition.