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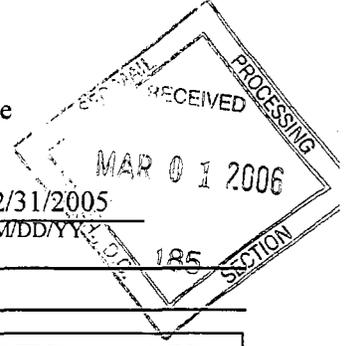
**ANNUAL AUDITED REPORT
FORM X-17 A-5
PART III**

CM

SEC FILE NUMBER
8-48481

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 01/01/2005 AND ENDING 12/31/2005
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: BETA CAPITAL MANAGEMENT, L.P.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

777 Brickell Avenue

(No. and Street)

Miami

(City)

Florida

(State)

33131

(Zip Code)

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

Werner Grob

305-358-8844

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Kaufman Rossin & Co.

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

2699 S. Bayshore Drive

(Address)

Miami

(City)

Florida

(State)

33133

(Zip Code)

CHECK ONE:

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

PROCESSED
JUN 16 2006
B
THOMSON FINANCIAL

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17 a-5(e) (2)

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Displays a currently valid OMB control number

SEC 1410 (06-02)

BB-16/15

OATH OR AFFIRMATION

I, Werner Grob, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Beta Capital Management, L.P., as of December 31, 20 05, 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:

No exceptions



Caridad Lara
My Commission DD172375
Expires December 16, 2006

(Signature)

Managing Director

(Title)

(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. (Cash Flows)
- (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.

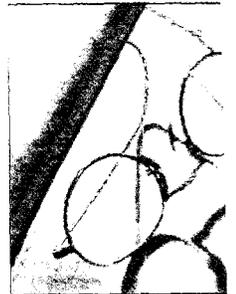
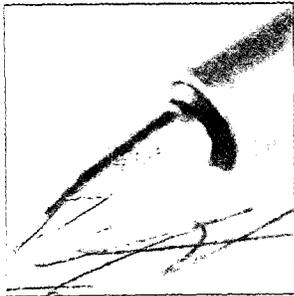
** For conditions of confidential treatment of certain portions of this filing. See section 240.17a-5(e)(3).

[REDACTED]

BETA CAPITAL MANAGEMENT, L.P.

REPORT PURSUANT TO RULE 17a-5 UNDER
THE SECURITIES EXCHANGE ACT OF 1934 AND
REGULATION 1.16 UNDER THE COMMODITY
EXCHANGE ACT

DECEMBER 31, 2005



**KAUFMAN
ROSSIN &
CO.** PROFESSIONAL
ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Partners
Beta Capital Management, L.P.
Miami, Florida

We have audited the accompanying statement of financial condition of Beta Capital Management, L.P. as of December 31, 2005, and the related statements of operations, changes in partners' capital and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934 and Regulation 1.16 under the Commodity Exchange Act (CEAct). These financial statements are the responsibility of the Partnership'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 Beta Capital Management, L.P. as of December 31, 2005, and the results of its operations 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 supplementary information on pages 10 through 12 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 Exchange Act of 1934 and regulations under the CEAct. Such information has been subjected to the auditing procedures applied in our 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.



Miami, Florida
January 24, 2006

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BETA CAPITAL MANAGEMENT, L.P.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2005

ASSETS

CASH AND CASH EQUIVALENTS (NOTE 4)	\$	4,659,877
SECURITIES OWNED, AT MARKET		10,554
RECEIVABLE FROM BROKERS (NOTE 4)		237,952
PROPERTY AND EQUIPMENT (NOTE 2)		21,388
OTHER ASSETS		419,416
	\$	5,349,187

LIABILITIES AND PARTNERS' CAPITAL

LIABILITIES

Commissions payable	\$	580,000
Management fees payable (Note 6)		412,272
Accounts payable and accrued liabilities		564,240
Capital withdrawals payable (Note 6)		1,292,675
Total liabilities		2,849,187

LEASE COMMITMENTS (NOTE 5)

PARTNERS' CAPITAL (NOTE 6)		2,500,000
	\$	5,349,187

See accompanying notes.

BETA CAPITAL MANAGEMENT, L.P.
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2005

REVENUES

Commissions (Note 6)	\$ 11,710,899
Interest and dividends	596,365
Total revenues	12,307,264

EXPENSES

Clearing charges	835,654
Commissions	4,143,838
Depreciation and amortization (Note 2)	29,010
Insurance	209,540
Management fees (Note 6)	612,272
Other general and administrative	276,161
Professional fees	86,387
Quotations and research (Note 5)	416,150
Rent (Note 5)	123,575
Salaries and related	3,353,633
Telephone	98,720
Travel, meals & entertainment	329,649
Total expenses	10,514,589

NET INCOME	\$ 1,792,675
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See accompanying notes.

BETA CAPITAL MANAGEMENT, L.P.
STATEMENT OF CHANGES IN PARTNERS' CAPITAL
YEAR ENDED DECEMBER 31, 2005

	Total	General Partner	Limited Partners
PARTNERS' CAPITAL AS OF DECEMBER 31, 2004	\$ 3,000,000	\$ 85,744	\$ 2,914,256
CAPITAL WITHDRAWALS (NOTE 6)	(2,292,675)	(65,527)	(2,227,148)
NET INCOME	1,792,675	51,235	1,741,440
PARTNERS' CAPITAL AS OF DECEMBER 31, 2005	\$ 2,500,000	\$ 71,452	\$ 2,428,548

See accompanying notes.

BETA CAPITAL MANAGEMENT, L.P.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 1,792,675
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	29,010
Changes in operating assets and liabilities:	
Securities owned, at market	(10,554)
Receivable from brokers	1,282
Other assets	(251,727)
Commissions payable	157,187
Management fees payable	89,119
Accounts payable and accrued liabilities	229,731
Total adjustments	244,048
Net cash provided by operating activities	2,036,723

CASH FLOWS FROM FINANCING ACTIVITIES:

Capital withdrawals	(2,299,104)
---------------------	--------------

NET DECREASE IN CASH AND CASH EQUIVALENTS (262,381)

CASH AND CASH EQUIVALENTS - BEGINNING 4,922,258

CASH AND CASH EQUIVALENTS - ENDING \$ 4,659,877

Supplemental Disclosure of Cash Flow Information:

Interest paid	\$ -
---------------	------

Supplemental Disclosure of Non-Cash Investing and Financing Activities:

Effective December 31, 2005, the Partnership accrued capital withdrawals (Note 6) \$ 1,292,675

See accompanying notes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business and Organization

Beta Capital Management, L.P. (the Partnership) is registered with the Securities and Exchange Commission as a broker-dealer of various types of equity, debt, commodity, and mutual fund securities. The Partnership acts in an agency capacity, buying and selling these securities for its customers, primarily within Latin America, and charging a commission.

Government and Other Regulation

The Partnership's business is subject to significant regulation by various governmental agencies and self-regulatory organizations. Such regulation includes, among other things, periodic examinations by these regulatory bodies to determine whether the Partnership is conducting and reporting its operations in accordance with the applicable requirements of these organizations.

Cash and Cash Equivalents

The Partnership considers all highly liquid debt instruments having maturities of three months or less at the date of acquisition to be cash equivalents. The Partnership may, during the ordinary course of business, maintain account balances with banks in excess of federally insured limits.

Securities Transactions

Securities transactions, along with related commission income, clearing costs and commission expenses, are reported on a trade date basis, and are valued at quoted market or dealer quotes.

Property and Equipment

Property and equipment is recorded at cost. Expenditures for major betterments and additions are charged to the asset accounts while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are charged to expense currently.

Depreciation and amortization are computed using the straight-line method based upon estimated useful lives of five and seven years.

Defined Contribution Plan

The Partnership maintains a 401(k) plan covering substantially all employees, with the Partnership matching up to 4% of employee payroll deferrals.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

Income Taxes

The Partnership is not subject to income taxes as the taxable income or loss is reportable on the tax returns of its partners.

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2005:

Furniture and fixtures	\$ 54,617
Leasehold improvements	47,275
Office equipment	187,631
	<hr/> 289,523
Less accumulated depreciation and amortization	(268,135)
	<hr/> \$ 21,388

Depreciation and amortization expense amounted to \$29,010 for the year ended December 31, 2005.

NOTE 3. NET CAPITAL REQUIREMENTS

As a registered broker-dealer, the Partnership is subject to the Uniform Net Capital Rule of the Securities and Exchange Commission, which requires that "Net Capital", as defined, shall be at least the greater of \$250,000 or one-fifteenth of "Aggregate Indebtedness", as defined. At December 31, 2005, the Partnership's "Net Capital" was \$1,982,459, which exceeded the requirements by \$1,732,459, and the ratio of "Aggregate Indebtedness" to "Net Capital" was 1.44 to 1.

NOTE 4. RISK CONCENTRATIONS

Clearing and Depository Concentrations

The primary clearing and depository operations for the Partnership's securities transactions are provided by a brokerage firm whose principal office is in New York City. In addition, the Company maintains a clearing account with a brokerage firm whose principal office is in Jersey City, New Jersey. At December 31, 2005, the \$237,952 receivable from brokers and \$4,629,354 of cash and cash equivalents included in the accompanying financial statements, are due from and held by these brokers.

NOTE 5. LEASE COMMITMENTS

The Partnership is obligated under non-cancelable operating leases and service contracts for office space and equipment.

Approximate future minimum payments under non-cancelable operating leases and service contracts for years subsequent to December 31, 2005 are as follows:

2006	\$ 393,000
2007	270,000
2008	128,000
2009	113,000
2010	107,000
	<hr/>
	\$ 1,011,000

Rent expense was approximately \$124,000 and contract services amounted to approximately \$416,000 for the year ended December 31, 2005.

NOTE 6. RELATED PARTY TRANSACTIONS

Management Fees

The Partnership agreement provides for, among other things, a management fee payable to the general partner in an amount equal to 10% of gross revenues less commissions to brokers employed by the Partnership and referral fees and similar payments paid to other firms in the same line of business as the Partnership. For the year ended December 31, 2005, the Partnership incurred \$612,272 of management fees, of which \$412,272 were unpaid at December 31, 2005.

NOTE 6. RELATED PARTY TRANSACTIONS (Continued)

Capital Activity

During April 2005, the Partnership authorized and paid capital withdrawals of \$1,000,000. Effective December 31, 2005, the Partnership authorized capital withdrawals of \$1,292,675, all of which was payable at December 31, 2005.

Criterion Capital Management

For the year ended December 31, 2005, the Partnership earned \$180,401 of commissions from Criterion Capital Management, an entity related by virtue of common ownership.

SUPPLEMENTARY INFORMATION

BETA CAPITAL MANAGEMENT, L.P.
COMPUTATION OF NET CAPITAL PER UNIFORM NET CAPITAL
RULE 15c3-1 AND RECONCILIATION TO COMPANY'S
CORRESPONDING UNAUDITED FORM X-17A-5, PART IIA
FILING
DECEMBER 31, 2005

CREDITS

Partners' Capital \$ 2,500,000

DEBITS

Property and equipment 21,388
Other assets 419,416
Excess deductible on insurance policy 70,000
Petty cash 133
Total debits 510,937

NET CAPITAL BEFORE HAIRCUTS ON SECURITY POSITIONS AND CASH EQUIVALENTS 1,989,063

HAIRCUTS ON SECURITY POSITIONS AND CASH EQUIVALENTS 6,604

NET CAPITAL 1,982,459

MINIMUM NET CAPITAL REQUIREMENT - GREATER OF \$250,000 OR 6 2/3% OF AGGREGATE INDEBTEDNESS OF \$2,849,187 250,000

EXCESS NET CAPITAL \$ 1,732,459

RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL 1.44 to 1

SCHEDULE OF AGGREGATE INDEBTEDNESS

Commissions payable \$ 580,000
Management fees payable 412,272
Accounts payable and accrued liabilities 564,240
Capital withdrawals payable 1,292,675
Total aggregate indebtedness \$ 2,849,187

RECONCILIATION WITH PARTNERSHIP'S COMPUTATION IN PART IIA OF FORM X-17A-5 AS OF DECEMBER 31, 2005

Net capital as reported in Company's Part IIA (unaudited) Focus report \$ 1,482,459
Adjustment of capital withdrawals payable (declared after Focus report filed) 500,000
Net capital per above \$ 1,982,459

See Independent Auditors' Report.

BETA CAPITAL MANAGEMENT, L.P.

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
PURSUANT TO RULE 15c3-3 AND RECONCILIATION TO PARTNERSHIP'S
CORRESPONDING UNAUDITED FORM X-17A-5, PART IIA FILING
DECEMBER 31, 2005

CREDIT BALANCES	\$	-
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DEBIT BALANCES		-
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Excess of total debits over total credits	\$	-
---	----	---

RESERVE COMPUTATION

Reserve requirement	\$	-
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RECONCILIATION TO THE PARTNERSHIP'S COMPUTATION

(INCLUDED IN PART IIA OF FORM UNAUDITED X-17a-5 AS OF DECEMBER 31, 2005)

The reconciliation to the Partnership's computation as of December 31, 2005 is not considered necessary as there is no difference from the audited computation.

See Independent Auditors' Report.

BETA CAPITAL MANAGEMENT, L.P.
INFORMATION RELATING TO POSSESSION OR CONTROL
REQUIREMENTS UNDER RULE 15c3-3
DECEMBER 31, 2005

There are no customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date but for which the required action was not taken by respondent within the time frames specified under rule 15c3-3).

There are no customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under rule 15c3-3.

See Independent Auditors' Report.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
REQUIRED BY SEC RULE 17a-5 AND CFTC REGULATION 1.16**

To the Partners
Beta Capital Management, L.P.
Miami, Florida

In planning and performing our audit of the financial statements and supplementary information of Beta Capital Management, L.P. (the Partnership) 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 internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Partnership, including tests of compliance with such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and the reserve required by rule 15c3-3(e)
2. Making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System
4. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15c3-3

In addition, as required by Regulation 1.16 under the Commodity Exchange Act (CEAct), we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by the Partnership that we considered relevant to the objectives stated in Regulation 1.16, in making the periodic computations of minimum financial requirements pursuant to Regulation 1.17.

The management of the Partnership 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 and the Commodity Futures Trading Commission's (CFTC) above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Partnership has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial

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statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) and Regulation 1.16(d)(2) list additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error 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 in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error 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 and CFTC to be adequate for their purposes in accordance with the Securities Exchange Act of 1934, the CEAct, 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 the Partnership's practices and procedures were adequate at December 31, 2005, to meet the SEC's and the CFTC's objectives.

This report is intended solely for the information and use of management, the SEC, the CFTC, the National Association of Securities Dealers, Inc., and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 and/or Regulation 1.16 under the CEAct 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.

A handwritten signature in black ink, appearing to read "Kausman, Brian, C.", with a long horizontal flourish underneath.

Miami, Florida
January 24, 2006

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