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

SEC FILE NUMBER
B- 35940

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: First Dunbar Securities Corporation

OFFICIAL USE ONLY
FIRM I.D. NO.

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

(No. and Street)

Boston Massachusetts 02109
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Richard Bowers 617-227-1112
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Parent, McLaughlin & Nangle

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

160 Federal Street Boston Massachusetts 02110
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED
MAY 25 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)

RB 5/25

OATH OR AFFIRMATION

I, Richard M. Bowers, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of First Dunbar Securities Corporation, 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

Francis R. Spellman
Notary Public
My Commission Expires
June 18, 2010

[Signature]
Signature
Senior Vice President

[Signature]
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. N/A
(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 15c3-3 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. N/A
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report. N/A
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit. N/A

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

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INDEPENDENT AUDITOR'S REPORT

FIRST DUNBAR SECURITIES CORPORATION
Boston, Massachusetts

We have audited the accompanying statements of financial condition of First Dunbar Securities Corporation as of December 31, 2005 and 2004, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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 First Dunbar Securities Corporation at December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Parent, McLaughlin & Nangle

Certified Public Accountants

January 30, 2006

Parent, McLaughlin & Nangle
Certified Public Accountants, Inc.

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FIRST DUNBAR SECURITIES CORPORATION

STATEMENTS OF FINANCIAL CONDITION

	December 31	
	2005	2004
<u>ASSETS</u>		
Cash and cash equivalents	\$ 55,729	\$ 110,033
Commissions receivable - allowable	6,574	63,589
Due from related party	14,482	-
Loan receivable - related party	27,000	-
Securities owned, at market value (cost \$489,003 and \$458,603 in 2005 and 2004, respectively	100,540	408,725
Non-marketable securities, at cost	3,000	3,000
Prepaid commissions	-	17,186
Deferred income taxes	-	17,000
Office equipment, net of accumulated depreciation of \$23,714 and \$16,698 in 2005 and 2004 respectively	7,794	11,882
	\$ 215,119	\$ 631,415
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>		
Liabilities:		
Commissions payable	\$ 5,030	\$ 35,089
Accounts payable and accrued expenses	14,679	28,095
Federal and state income taxes	1,204	28,210
	20,913	91,394
Stockholder's equity		
Common stock - no par value:		
Authorized, 10,000 shares;		
Issued and outstanding, 1,059 shares	15,976	15,976
Additional paid-in capital	618,322	467,922
Retained earnings (deficit)	(440,092)	56,123
	194,206	540,021
	\$ 215,119	\$ 631,415

See notes to financial statements.



FIRST DUNBAR SECURITIES CORPORATION

STATEMENTS OF OPERATIONS

	Year Ended December 31	
	2005	2004
REVENUE:		
Commissions	\$ 1,001,979	\$ 584,916
Consulting fees	37,982	417,500
Underwriting income	1,557,200	-
Trading income	2,557	1,937
Unrealized losses on securities owned	(338,776)	(28,873)
Other income	8,613	14,657
	2,269,555	990,137
EXPENSES:		
Wages and commissions	1,368,687	382,255
Consulting fees	438,529	112,083
Underwriting expense	511,963	-
Regulatory fees and expenses	8,272	15,248
Occupancy costs	69,106	66,886
Other operating expenses	377,834	179,742
	2,774,391	756,214
INCOME (LOSS) BEFORE FEDERAL AND STATE INCOME TAXES	(504,836)	233,923
FEDERAL AND STATE INCOME TAXES (BENEFIT):		
Current	(25,621)	27,442
Deferred	17,000	(17,000)
	(8,621)	10,442
NET INCOME (LOSS)	(\$ 496,215)	\$ 223,481

See notes to financial statements.



FIRST DUNBAR SECURITIES CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>Common Stock</u>	<u>Additional</u>	<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Paid-In</u>	<u>Earnings</u>	<u>Stockholder's</u>
	<u>Amount</u>	<u>Capital</u>	<u>(Deficit)</u>	<u>Equity</u>
Balance, December 31, 2003	1059	\$ 240,164	(\$ 167,358)	\$ 88,782
Capital contributions	-	227,758	-	227,758
Net income	-	-	223,481	223,481
Balance, December 31, 2004	1059	467,922	56,123	540,021
Capital contributions	-	150,400	-	150,400
Net loss	-	-	(496,215)	(496,215)
Balance, December 31, 2005	<u>1059</u>	<u>\$ 618,322</u>	<u>(\$ 440,092)</u>	<u>\$ 194,206</u>

See notes to financial statements.



STATEMENTS OF CASH FLOWS

	Year Ended December 31	
	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	(\$ 496,215)	\$ 223,481
Adjustments to reconcile net income (loss) to net cash used by operating activities:		
Depreciation	7,016	4,928
Deferred income taxes	17,000	(17,000)
Unrealized losses on securities owned	338,776	28,873
(Increase) decrease in:		
Commissions receivable	57,015	(43,643)
Due from related party	(14,482)	-
Refundable federal and state income taxes	-	10,797
Prepaid commissions	17,186	39,504
Securities owned	(10,191)	(417,500)
Increase (decrease) in:		
Commissions payable	(30,059)	25,076
Accounts payable and accrued expenses	(13,416)	14,352
Federal and state income taxes	(27,006)	28,210
Total adjustments	341,839	(326,403)
Net cash used by operating activities	(154,376)	(102,922)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Advance of loan receivable - related party	(27,000)	-
Purchase of equipment	(2,928)	(7,952)
Net cash used by investing activities	(29,928)	(7,952)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additional capital contributions	130,000	209,499
Net cash provided by financing activities	130,000	209,499
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(54,304)	98,625
CASH AND CASH EQUIVALENTS, beginning of year	<u>110,033</u>	<u>11,408</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 55,729</u>	<u>\$ 110,033</u>
SUPPLEMENTAL DISCLOSURES:		
Non-cash capital contribution - securities	<u>\$ 20,400</u>	<u>\$ 18,259</u>

See notes to financial statements.

FIRST DUNBAR SECURITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005 AND 2004

A. Organization and Nature of Business:

The Company was incorporated on March 6, 1986, and was qualified as a registered broker/dealer on May 14, 1987.

Under an agreement which became effective in 2003, all of the issued and outstanding common stock of the Company was acquired by VPC Holdings, L.L.C. (Holdings). The Company is now a wholly-owned subsidiary of Holdings.

B. Summary of Significant Accounting Policies:

Revenue recognition:

Trading income and commission income are recognized on a settlement date basis (normally three business days after the trade date).

Office equipment:

Office equipment is reported at cost, less accumulated depreciation. Depreciation is provided by use of accelerated methods over the estimated useful lives of the respective assets.

Cash equivalents:

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments with a maturity of three months or less, when purchased, to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005 AND 2004

(Continued)

B. Summary of Significant Accounting Policies - (continued):

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes:

The amount of current income taxes payable or refundable and deferred tax assets or liabilities are recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in deferred tax assets or liabilities between years.

C. Income Taxes:

The Company has available federal and state net operating loss carryforwards of approximately \$456,000 and \$527,000, respectively, to offset future taxable income. The federal carryforwards expire in the years 2022 through 2025 and the state carryforwards expire in the years 2007 through 2010.

At December 31, 2004, the deferred tax asset of \$17,000 results from the use of different depreciation methods for tax purposes and the unrealized loss on securities owned.

At December 31, 2005, a deferred tax asset of \$175,000 results from the use of different depreciation methods for tax purposes, the unrealized loss on securities owned, and the net operating loss carryforwards, and has been offset by an equal amount of valuation allowance.

NOTES TO FINANCIAL STATEMENTSYEARS ENDED DECEMBER 31, 2005 AND 2004

(Continued)

D. Commitments:

The Company occupies office space in Boston, Massachusetts under a lease agreement which expires in October, 2006. In addition to the base rent, the Company is obligated to pay a proportionate share of excess tax and operating costs.

Future minimum lease payments required under the operating lease are as follows:

<u>Year Ending</u> <u>December 31</u>	
2006	<u>\$ 53,030</u>

Rent expense charged to operations amounted to \$69,106 and \$66,886 for the years ended December 31, 2005 and 2004, respectively.

E. Related Party Transactions:

Consulting fees expense for the year ended December 31, 2005 and 2004 includes charges from related parties (Bril Corporation and Venture Partners Capital, L.L.C.) for consulting and management fees totaling \$435,437 and \$112,083 respectively. Accounts payable at December 31, 2004 includes amounts due to the related parties totaling \$6,248. The Company and the related parties have overlapping ownership. Underwriting expense for the year ended December 31, 2005, includes charges from Holdings amounting to \$500,000.

Loan receivable - related party consists of a note receivable from Holdings which bears interest at 5% and is due on demand but not earlier than twelve months from July 19, 2005.

F. Net Capital Requirement:

Under Rule 15c3-1 of the Securities and Exchange Commission, the Company is required to maintain net capital of the greater of 1/15th of aggregate indebtedness, or \$100,000. At December 31, 2005, net capital and required net capital, computed in accordance with the rules of the Commission, amounted to \$128,499 and \$100,000, respectively.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION
REQUIRED BY RULE 17a-5 OF THE
SECURITIES AND EXCHANGE COMMISSION

FIRST DUNBAR SECURITIES CORPORATION
Boston, Massachusetts

We have audited the accompanying financial statements of First Dunbar Securities Corporation as of and for the year ended December 31, 2005, and have issued our report thereon dated January 30, 2006. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on Pages 10 and 11 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. 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.

Parent, McLaughlin & Nangle

Certified Public Accountants

January 30, 2006

FIRST DUNBAR SECURITIES CORPORATION

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION AS OF DECEMBER 31, 2005

NET CAPITAL:

Total stockholder's equity qualified for net capital \$ 194,206

Deductions:

Non-allowable assets:

Loans receivable (27,000)
Non-marketable securities (3,000)
Office equipment - net (7,794)
(37,794)

NET CAPITAL BEFORE HAIRCUTS ON SECURITIES 156,412

Haircuts on securities owned:

Trading and investment securities (15,081)
Undue concentration (12,832)
(27,913)

TOTAL NET CAPITAL \$ 128,499

AGGREGATE INDEBTEDNESS:

Items included in statement of financial condition:

Commissions payable \$ 5,030
Accounts payable and accrued expenses 14,679
Federal and state income taxes 1,204
20,913

TOTAL AGGREGATE INDEBTEDNESS \$ 20,913

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:

Minimum dollar net capital requirement of reporting
broker/dealer \$ 100,000

Minimum net capital required (6-2/3% of aggregate
indebtedness) \$ 1,395

Excess net capital \$ 28,499

Excess net capital at 1,000% \$ 126,408

Ratio: Aggregate indebtedness to net capital .16 to 1

RECONCILIATION OF NET CAPITAL:

Net capital per unaudited X-17A-5 \$ 122,039

Effect of audit adjustments on:

Net income (21,510)
Stockholders' equity 20,400
Non-allowable assets 7,570
7,570

Net capital, as above \$ 128,499



FIRST DUNBAR SECURITIES CORPORATION

EXEMPTIVE PROVISION UNDER RULE 15c3-3
OF THE SECURITIES AND EXCHANGE COMMISSION

All customer transactions are cleared through other broker/dealers (National Financial Services) on a fully disclosed basis.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
REQUIRED BY SEC RULE 17a-5

FIRST DUNBAR SECURITIES CORPORATION
Boston, Massachusetts

In planning and performing our audit of the financial statements of First Dunbar Securities Corporation (the Company) 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 the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the SEC), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures that we 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 for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions related to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

- 1) Making quarterly securities examinations, counts, verifications and comparisons;
- 2) Recordation of differences required by Rule 17a-13; and,
- 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.

The management of the Company 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 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 above-mentioned objectives.

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Certified Public Accountants, Inc.

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Fax No. 978/663-5151

Ten Commerce Way
Raynham, MA 02767-1089
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Fax No. 508/823-6976

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 Company 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 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.

Because of inherent limitations in any internal control or the practices and procedures referred to above, errors 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 controls 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 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 our study, we believe that the Company's practices and procedures were adequate at December 31, 2005 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Security Dealers, Inc., and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 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.

Parent, McLaughlin & Nangle

Certified Public Accountants

January 30, 2006