



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

SEC FILE NUMBER  
8- 44411

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

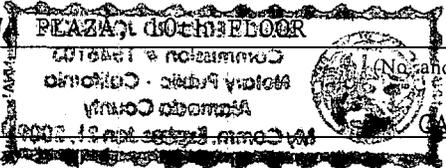
**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

ROBERT VAN SECURITIES, INC.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY  
FIRM I.D. NO.

350 FRANK OGAWA  
OAKLAND CALIFORNIA 94612  
(City) (State) (Zip Code)

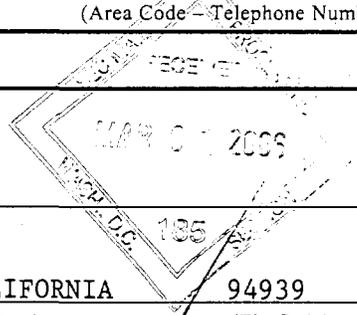


NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
JAMES WILLIAMS (415) 492-8975  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

CLARIDAD & CROWE  
(Name - if individual, state last, first, middle name)  
101 LARKSPUR LANDING CIRCLE, SUITE 311 LARKSPUR CALIFORNIA 94939  
(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 26 2006  
THOMSON  
FINANCIAL

**FOR OFFICIAL USE ONLY**

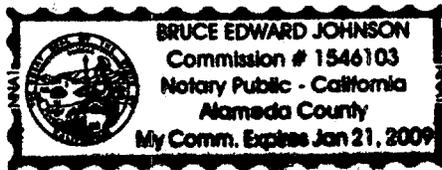
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, ERIC STANDIFER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ROBERT VAN SECURITIES, INC., 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:

[Signature]  
Signature  
PRESIDENT  
Title

[Signature]  
Notary Public 2-17-2006



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).

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# **CLARIDAD & CROWE**

Certified Public Accountants  
A Partnership of Professional Corporations

101 Larkspur Landing Circle, Suite 311, Larkspur, CA 94939  
Telephone (415) 464-8999  
Facsimile (415) 464-9009

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Robert Van Securities, Inc.  
Oakland, California

We have audited the statement of financial condition of Robert Van Securities, Inc. (a California corporation) as of December 31, 2005, and the related statements of operations, changes in stockholders' equity and cash flows for the year 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 audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Robert Van Securities, Inc. as of December 31, 2005, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 13 through 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information is 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 our opinion, is fairly stated in all material aspects in relation to the basic financial statements taken as a whole, and in conformity with the rules of the Securities and Exchange Commission.



**CERTIFIED PUBLIC ACCOUNTANTS**

February 1, 2006

**ROBERT VAN SECURITIES**  
**STATEMENT OF FINANCIAL CONDITION**

**December 31, 2005**

**ASSETS**

Cash	\$ 2,808
Deposit with clearing broker	575,559
Due from clearing broker	6,276
Other current assets	69,128
Investment in and advances to affiliate	19,355
Deferred income taxes	47,525
Other assets	18,612
Furniture and equipment, net of accumulated depreciation of \$ 125,759	<u>16,477</u>
	<u>\$ 755,740</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Accounts payable	\$ 10,355
Note payable to stockholder	<u>100,000</u>
Total liabilities	110,355
Common stock, no par, 100,000 shares authorized, 65,000 shares issued and outstanding	271,500
Additional paid in capital	27,780
Retained earnings	<u>346,105</u>
Total stockholders' equity	<u>645,385</u>
	<u>\$ 755,740</u>

See notes to financial statements.

**ROBERT VAN SECURITIES, INC.**

**STATEMENT OF OPERATIONS**

**For the Year Ended December 31, 2005**

REVENUES

Commissions	\$ 1,960,668
Other revenues	36,678
Loss on investment in affiliate	<u>(11,049)</u>
	1,986,297

EXPENSES

Compensation	957,340
Employee benefits	131,773
Clearing costs	193,327
Outside services	158,768
Regulatory fees	13,790
Settlement expense	75,000
Other operating expenses	<u>536,575</u>
	<u>2,066,573</u>

LOSS BEFORE INCOME TAX BENEFIT (80,276)

INCOME TAX BENEFIT 11,265

NET LOSS \$ (69,011)

See notes to financial statements.

ROBERT VAN SECURITIES, INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

For the Year Ended December 31, 2005

	<u>Common Stock</u>	<u>Additional</u>	<u>Retained</u>	<u>Total</u>	
	<u>No.</u>	<u>Amount</u>	<u>Paid-in</u>	<u>Earnings</u>	
			<u>Capital</u>		
Balance, December 31, 2004	65,000	\$ 271,500	\$ 22,780	\$ 415,116	\$ 709,396
Additional paid-in capital contributions			5,000		5,000
Net loss				(69,011)	(69,011)
Balance, December 31, 2005	<u>65,000</u>	<u>\$ 271,500</u>	<u>\$ 27,780</u>	<u>\$ 346,105</u>	<u>\$ 645,385</u>

See notes to financial statements.

ROBERT VAN SECURITIES, INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31 2005  
Increase (Decrease) in Cash and Cash Equivalents

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	\$ (69,011)
Adjustments to reconcile net income to net cash	
Used by operating activities:	
Depreciation and amortization	8,301
Net loss from investments	11,049
Change in assets and liabilities:	
Decrease (increase) in:	
Due from clearing broker	(5,542)
Refundable income taxes	86,318
Deposit with clearing broker	(25,501)
Investment in and advances to affiliate	(16,700)
Other current assets	(15,682)
Deferred income taxes	(12,065)
Increase (decrease) in:	
Bank overdraft	(9,732)
Accounts payable	<u>(53,627)</u>
Total adjustments	<u>(33,181)</u>
Net cash used by operating activities	<u>(102,192)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from additional paid in capital contribution	5,000
Proceeds from notes payable to shareholders	140,000
Principal payments on notes payable to shareholders	<u>(40,000)</u>
Net cash provided by financing activities	<u>105,000</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>2,808</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>0</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,808</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest expense	\$ 11,671
Income taxes	\$ 800

See notes to financial statements.

**ROBERT VAN SECURITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2005**

NOTE A – Summary of Significant Accounting Policies

General

Robert Van Securities, Inc. (the Company), a California corporation, was incorporated in November, 1991, and registered as a broker-dealer under the Securities and Exchange Act of 1934 in June, 1992, when securities transactions commenced. The Company's operations commenced in January, 1992.

Accounting

These financial statements are prepared using the accrual method of accounting.

Furniture and Equipment

Furniture and equipment purchases greater than \$500 are recorded at cost. Maintenance and repairs are expensed as incurred. Depreciation is provided on an accelerated basis over the estimated useful lives of the assets (5 to 7 years).

Statement of Cash Flows

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

Regulatory Requirements

The Company is exempt from the requirements of Rule 15c3-3 pursuant to the rules for broker-dealers who clear all transactions for customers on a fully disclosed basis with a clearing broker-dealer and who promptly transmit all customer funds and securities to the clearing broker-dealer.

Securities Transactions

Investments in marketable securities are shown at market value. The change in unrealized gains and losses on investments in marketable securities is reflected in the statement of operations. Securities transactions are recorded on the trade date.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ROBERT VAN SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2005

NOTE A – Summary of Significant Accounting Policies (continued)

Investment in Limited Liability Company

The Company's investment in limited liability company is carried at its prorata share of the entity's net assets.

Advertising

The Company follows the policy of expensing any advertising costs as incurred.

Income Taxes

Deferred income taxes are provided for timing differences between financial and taxable income. The Company reports its income and expenses on a cash basis for income tax purposes. These differences result principally from differences in reporting certain revenues and expenses, including depreciation, for income tax purposes and financial reporting purposes.

NOTE B – Concentrations of Credit Risk

The Company's receivables are predominantly from other broker-dealers.

NOTE C – Related Parties

Investment in and Advances to Affiliate

The Company owns a 45% interest in SP Capital, LLC (SP Capital), a California limited liability company. Certain officers and shareholders of the Company are also members in SP Capital which engages in the business of providing investment advice and management. Members of SP Capital share in the profits and losses in proportion to the membership interest owned by each member. No member will become liable for obligations of SP Capital in excess of his capital contributions and profits, if any, net of distributions. As of December 31, 2005, the Company had not made any capital contributions to SP Capital. Its decrease in value of \$11,049 is included as loss in investment in affiliate in the Company's statement of operations for the year ended December 31, 2005.

At December 31, 2005, investment in and advances to affiliate consists of the following:

Advances to SP Capital	\$ 40,235
2004 loss in investment	(9,831)
2005 loss in investment	<u>(11,049)</u>
	<u>\$ 19,355</u>

**ROBERT VAN SECURITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2005**

NOTE D – Income Taxes

The provision for income taxes consists of the following components:

Currently (payable)		
State		\$ (800)
Deferred benefit		
Federal		6,863
State		<u>5,202</u>
		<u>12,065</u>
		<u>\$ 11,265</u>

The Company's total deferred tax assets, deferred tax liabilities and deferred tax asset valuation allowance at December 31, 2005, are as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Deferred tax assets	\$ 20,776	\$ 41,085	\$ 61,861
Deferred tax liabilities	(11,172)	(3,164)	(14,336)
Deferred tax asset valuation allowance	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$ 9,604</u>	<u>\$ 37,921</u>	<u>\$ 47,525</u>

The income taxes differ from the expense that would result from applying federal and state statutory rates to income before income taxes because of non-deductible expenses, predominantly meals and entertainment, in the amount of \$28,142.

The Company has a net operating loss carryforwards for federal and state income taxes, respectively, that can be used to offset future taxable income as follows:

<u>Expires</u>	<u>Federal</u>	<u>State</u>
2013	\$	\$ 18,163
2014		278,026
2015		124,589
2024	9,952	
2025	<u>122,953</u>	<u>-</u>
	<u>\$132,905</u>	<u>\$ 420,778</u>

The Company has charitable contribution carryovers for federal and state income tax purposes of \$5,141, expiring \$1,120 in 2008, \$2,121 in 2009 and \$1,900 in 2010.

ROBERT VAN SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2005

NOTE E – Employee Benefit Plans

401(k) Plan

The Company sponsors a 401(k) Plan so that employees may contribute a portion of their pretax income into a retirement fund. The Company elected not to contribute to the 401(k) Plan in 2005 to supplement employee contributions.

Stock Option Plan

The Company has a noncompensatory Incentive Stock Option Plan which provides for granting to key employees incentive stock options, as defined under tax laws, for common stock. The stock options are exercisable at a price equal to the market value on the date of the grant. Key employees became vested in their option rights at various dates ranging from one to three years. Vested options may be exercised any time before the expiration of ten years from the date of the grant. To date, no options have been exercised.

A summary of the status of the Company's stock option plan as of December 31, 2005, and changes for the year then ended is presented below:

	<u>Shares</u>	<u>Weighted Exercise Average Price</u>
Outstanding at January 1, 2000	25,000	\$ 3.70
Granted during 2000	<u>2,000</u>	19.36
Outstanding at December 31, 2000	27,000	4.86
Granted during 2001	<u>2,000</u>	27.24
Outstanding at December 31, 2001	29,000	6.40
Granted during 2002	2,000	30.73
Grants terminated during 2002	<u>(1,000)</u>	19.36
Outstanding at December 31, 2002	30,000	7.59
Granted during 2003	3,000	23.67
Grants terminated during 2003	(1,000)	27.24
Grants terminated during 2003	(1,000)	19.36
Grants terminated during 2003	<u>(2,000)</u>	3.70
Outstanding at December 31, 2003	29,000	8.44
Grants terminated during 2004	(1,000)	3.70
Grants terminated during 2004	<u>(1,000)</u>	23.67
Outstanding at December 31, 2005	<u>27,000</u>	\$ 8.05

**ROBERT VAN SECURITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2005**

NOTE F – Note Payable to Stockholder

At December 31, 2005, an unsecured note is payable to one of the Company's stockholders, with interest at 20%, due March 23, 2006.

NOTE G - Commitments

Minimum lease payments under noncancellable operating lease agreements for office space, computer equipment and automobiles are as follows:

2006	\$ 110,300
2007	110,300
2008	110,300
2009	110,300
Thereafter	<u>146,100</u>
	<u>\$ 587,300</u>

Lease payments totaling \$105,142 are included in other operating expenses in the statement of operations.

NOTE H – Settlement Expense

During 2005, the Company entered into a settlement agreement with a counterparty agent, whereby the Company agreed, without admitting liability in connection with the agent's claim, to pay the sum of \$75,000 in full settlement of any and all claims against the Company.

NOTE I – Contingencies

The Company periodically is subject to claims and lawsuits that arise in the ordinary course of business.

NOTE H – Net Capital Requirements

The Company is subject to the Securities and Exchange Commission 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. As of December 31, 2005 the Company's net capital is \$473,780, which is \$373,780 in excess of the minimum amounts required. The Company's ratio of aggregate indebtedness to net capital at December 31, 2005, was .233 to 1.0.

The rule provides that equity capital may not be withdrawn, subordinated debt may not be repaid and cash dividends may not be paid if the resulting net capital would be less than the amounts required under the rule.

**ADDITIONAL INFORMATION**

ROBERT VAN SECURITIES, INC.

COMPUTATION OF NET CAPITAL

December 31, 2005

Net Capital

Stockholders' Equity \$ 645,385

Deductions and/or Charges

Non-allowable assets:

Other current assets (69,128)

Investment in and advances to affiliate (19,355)

Deferred income taxes (47,525)

Other assets (18,612)

Furniture and equipment, net (16,477)

(171,097)

Net Capital before Haircut on Securities 474,288

Haircut on money market fund (508)

Net Capital \$ 473,780

Aggregate Indebtedness

Items included in statement of financial condition

Accounts payable \$ 10,355

Note payable to stockholder 100,000

\$ 110,355

Computation of Basic Net Capital Requirements

Minimum net capital requirement (6-2/3% of aggregate indebtedness) \$ 100,000

Net capital in excess of minimum requirement \$ 373,780

Ratio of aggregate indebtedness to net capital .233 to 1.0

ROBERT VAN SECURITIES, INC.

RECONCILIATION OF NET CAPITAL

December 31, 2005

Net capital, as reported in Company's Part II (unaudited) FOCUS report	\$ 476,502
Audit adjustments – (Decrease)	
Accounts payable	<u>(2,722)</u>
Net capital, as computed	<u>\$ 473,780</u>
Aggregate indebtedness, as reported in Company's Part II (unaudited) FOCUS report	\$ 107,633
Audit adjustments – Increase	
Accounts payable	<u>2,722</u>
Aggregate indebtedness, as computed	<u>\$ 110,355</u>

These differences result in a ratio of aggregate indebtedness to net capital of .233 to 1.0 rather than .226 to 1.0 as previously reported.

**ROBERT VAN SECURITIES, INC.**

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
PURSUANT TO RULE 15C3-3**

**December 31, 2005**

An exception from Rule 15c3-3 is claimed, based on section (k)(2)(ii). All customer transactions are processed in accordance with Rule 15c3-1(a)(2).

**INFORMATION FOR POSSESSION OR CONTROL  
REQUIREMENTS UNDER RULE 15c3-3**

**December 31, 2005**

Not applicable.

# **CLARIDAD & CROWE**

**Certified Public Accountants  
A Partnership of Professional Corporations**

101 Larkspur Landing Circle, Suite 311, Larkspur, CA 94939  
Telephone (415) 464-8999  
Facsimile (415) 464-9009

February 1, 2006

Board of Directors  
Robert Van Securities, Inc.  
Oakland, California

We have audited the financial statements of Robert Van Securities, Inc., for the year ended December 31, 2005, and have issued our report thereon dated February 1, 2006. As part of our audit, we made a study and evaluation of the Company's system of internal accounting control to the extent we considered necessary to evaluate the system as required by U.S. generally accepted auditing standards. The purpose of our 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 to express an opinion on the financial statements.

Also, as required by Rule 17a-5(g) (1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Robert Van Securities, Inc., 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-5(g)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3. Since the Company does not maintain customer accounts and does not handle securities, we have not made a study of the practices and procedures (including tests of compliance with such practices and procedures) relevant to the objectives stated in rule 17a-5(g) for (1) making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13, (2) complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve system, and (3) obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining a system of internal accounting control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures and of the practices and procedures as 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. The objectives of a system and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets 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 U.S. 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 system of internal accounting control of the practices and procedures referred to above, errors or irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control or Robert Van Securities, Inc., taken as a whole. Our study and evaluation disclosed no condition that we believed to be a material weakness.

We 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 our study, we believe that the Company's practices and procedures were adequate at December 31, 2005, to meet the Commission's objectives and nothing came to our attention that would indicate the Company had not complied with the condition of its exception under Rule 15c3-3 during the year ended.

This report is intended solely for the use of management and the Securities and Exchange Commission and other regulatory agencies pursuant to their requirements and should not be used for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS