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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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OMB APPROVAL  
OMB Number: 3235-0123  
Expires: January 31, 2007  
Estimated average burden  
hours per response... 12.00

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

SECURITIES AND EXCHANGE COMMISSION  
RECEIVED

SEC FILE NUMBER  
8-35565

MAR 03 2006

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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: Raphael Aryeh, dba  
Raphael Aryeh and Associates

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

141-51 72nd Crescent

(No. and Street)

Flushing

New York

11367

(City)

(State)

(Zip Code)

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

Raphael Aryeh

(718) 263-4852

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Mr. David Korn

38 Niles Place

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

New York

10314

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED  
JUN 14 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)

SEC 1410 (06-02)

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.

- 1 - ✓

# OATH OR AFFIRMATION

I, RAPHAEL ARYEH, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of RAPHAEL ARYEH AND ASSOCIATES, as of 12 / 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

ADRIENNE JATTA  
Notary Public, State of New York  
No. 01JA6127984  
Qualified in New York County  
Commission Expires June 8, 2008

Adrienne Jatta  
Notary Public

Raphael Aryeh  
Signature

GENERAL PARTNER  
RAPHAEL ARYEH  
Title

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. (STATEMENT OF CASH FLOW)
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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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NONE

ADRIENNE JATTA  
Notary Public, State of New York  
No. 01JA612798  
Qualified in New York County  
Commission Expires June 6, 2009

Raphael Aryeh

Signature

GENERAL PARTNER  
RAPHAEL ARYEH

Title

Adrienne Jatta

Notary Public

This report\*\* contains (check all applicable boxes):

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

3/88

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a)  16
- 2) Rule 17a-5(b)  17
- 3) Rule 17a-11  18
- 4) Special request by designated examining authority  19
- 5) Other  28

NAME OF BROKER-DEALER: RAPHAEL ARYEH AND ASSOCIATES SEC FILE NO: 8-35565  14

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.): 141-51 72nd Crescent FIRM ID. NO.: 17858  15

(No. and Street)

Flushing FOR PERIOD BEGINNING (MM/DD/YY): 1/1/2005  24

(City) AND ENDING (MM/DD/YY): 12/31/2005  25

(State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT: Raphael Aryeh (Area Code)—Telephone No.: (718) 263-4852  31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

	32	OFFICIAL USE	33
	34		35
	36		37
	38		39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES  40 NO  41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT  42

**EXECUTION:**

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 22 day of February, 2006

Manual signatures:

1) Raphael Aryeh  
Principal Executive Officer or Managing Partner

2) Same  
Principal Financial Officer or Partner

3) Same  
Principal Operations Officer or Partner

**ATTENTION**—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78:(a))

TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

Name (If individual, state last, first, middle name)

Mr. David Korn

70

ADDRESS Number and Street City State Zip Code

38 Niles Place

Staten Island

New York

10314

71

72

73

74

Check One

Certified Public Accountant

75

FOR SEC USE

Public Accountant

76

Accountant not resident in United States or any of its possessions

77

DO NOT WRITE UNDER THIS LINE FOR SEC USE ONLY

WORK LOCATION	REPORT DATE MM/DD/YY	DOC SEQ NO	CARD				
50	51	52	53				

7.	Secured demand notes market value of collateral:	[0470]	[0640]	0 [0890]
	A. Exempted securities			
		[0170]		
	B. Other securities			
		[0180]		
8.	Memberships in exchanges:			
	A. Owned, at market			
		[0190]		
	B. Owned, at cost		[0650]	
	C. Contributed for use of the company, at market value		[0660]	0 [0900]
9.	Investment in and receivables from affiliates, subsidiaries and associated partnerships	[0480]	[0670]	0 [0910]
10.	Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization	[0490]	[0680]	0 [0920]
11.	Other assets	0 [0535]	[0735]	0 [0930]
12.	TOTAL ASSETS	85,506 [0540]	13,348 [0740]	98,854 [0940]

**ASSETS**

Consolidated [0198]    Unconsolidated [0199]

	<b>Allowable</b>	<b>Non-Allowable</b>	<b>Total</b>
1. Cash	85,506 [0200]		85,506 [0750]
2. Receivables from brokers or dealers:			
A. Clearance account	[0295]		
B. Other	[0300]	13,270 [0550]	13,270 [0810]
3. Receivables from non-customers	[0355]	78 [0600]	78 [0830]
4. Securities and spot commodities owned, at market value:			
A. Exempted securities	[0418]		
B. Debt securities	[0419]		
C. Options	[0420]		
D. Other securities	[0424]		
E. Spot commodities	[0430]		0 [0850]
5. Securities and/or other investments not readily marketable:			
A. At cost	[0130]		
B. At estimated fair value	[0440]	[0610]	0 [0860]
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:	[0460]	[0630]	0 [0880]
A. Exempted securities	[0150]		
B. Other securities	[0160]		

[1000]

2. Includes equity subordination (15c3-1(d)) of

[1010]

	<b>D. Exchange memberships contributed for use of company, at market value</b>	0	
		[1430]	[1740]
	<b>E. Accounts and other borrowings not qualified for net capital purposes</b>	0	
		[1220]	[1750]
<b>20.</b>		4,443	0
	<b>TOTAL LIABILITIES</b>	[1230]	[1450]
		4,443	[1760]

### Ownership Equity

				<b>Total</b>
<b>21.</b>	Sole proprietorship		[1770]	
<b>22.</b>	Partnership (limited partners [1020])	94,411	[1780]	94,411
<b>23.</b>	Corporations:			
	<b>A. Preferred stock</b>		[1791]	
	<b>B. Common stock</b>		[1792]	
	<b>C. Additional paid-in capital</b>		[1793]	
	<b>D. Retained earnings</b>		[1794]	
	<b>E. Total</b>		0	[1795]
	<b>F. Less capital stock in treasury</b>		[1796]	
<b>24.</b>	<b>TOTAL OWNERSHIP EQUITY</b>		[1800]	94,411
<b>25.</b>	<b>TOTAL LIABILITIES AND OWNERSHIP EQUITY</b>		[1810]	98,854

# LIABILITIES AND OWNERSHIP EQUITY

Liabilities	A.I. Liabilities	Non-A.I. Liabilities	Total
13. Bank loans payable	[1045]	[1255]	0 [1470]
14. Payable to brokers or dealers:			0
A. Clearance account	[1114]	[1315]	0 [1560]
B. Other	[1115]	[1305]	0 [1540]
15. Payable to non-customers	[1155]	[1355]	0 [1610]
16. Securities sold not yet purchased, at market value		[1360]	0 [1620]
17. Accounts payable, accrued liabilities, expenses and other	4,443 [1205]	[1385]	4,443 [1685]
18. Notes and mortgages payable:			0
A. Unsecured	[1210]		0 [1690]
B. Secured	[1211]	[1390]	0 [1700]
19. Liabilities subordinated to claims of general creditors:			0
A. Cash borrowings:		[1400]	0 [1710]
1. from outsiders			
	[0970]		
2. Includes equity subordination (15c3-1(d)) of			
	[0980]		
B. Securities borrowings, at market value:		[1410]	0 [1720]
from outsiders			
	[0990]		
C. Pursuant to secured demand note collateral agreements:		[1420]	0 [1730]
1. from outsiders			

16. Total expenses [4200]

**NET INCOME**

17. Net Income(loss) before Federal Income taxes and items below (Item 9 less Item 16) 32,710  
[4210]

18. Provision for Federal Income taxes (for parent only) [4220]

19. Equity in earnings (losses) of unconsolidated subsidiaries not included above [4222]

a. After Federal income taxes of [4238]

20. Extraordinary gains (losses) [4224]

a. After Federal income taxes of [4239]

21. Cumulative effect of changes in accounting principles [4225]

22. Net income (loss) after Federal income taxes and extraordinary items 32,710  
[4230]

**MONTHLY INCOME**

23. Income (current monthly only) before provision for Federal income taxes and extraordinary items 3,173  
[4211]

# STATEMENT OF INCOME (LOSS)

Period Beginning 01/01/2005  
[3932]

Period Ending 12/31/2005  
[3933]

Number of months 12  
[3931]

## REVENUE

1. Commissions:	
a. Commissions on transactions in exchange listed equity securities executed on an exchange	[3935]
b. Commissions on listed option transactions	[3938]
c. All other securities commissions	68,298 [3939]
d. Total securities commissions	68,298 [3940]
2. Gains or losses on firm securities trading accounts	
a. From market making in options on a national securities exchange	[3945]
b. From all other trading	[3949]
c. Total gain (loss)	0 [3950]
3. Gains or losses on firm securities investment accounts	249 [3952]
4. Profit (loss) from underwriting and selling groups	[3955]
5. Revenue from sale of investment company shares	[3970]
6. Commodities revenue	[3990]
7. Fees for account supervision, investment advisory and administrative services	[3975]
8. Other revenue	2,244 [3995]
9. Total revenue	70,791 [4030]

## EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers	[4120]
11. Other employee compensation and benefits	[4115]
12. Commissions paid to other broker-dealers	[4140]
13. Interest expense	[4075]
a. Includes interest on accounts subject to subordination agreements	[4070]
14. Regulatory fees and expenses	4,426 [4195]
15. Other expenses	33,655 [4100]
	38,081

## COMPUTATION OF NET CAPITAL

1.	Total ownership equity from Statement of Financial Condition		94,411
			[3480]
2.	Deduct ownership equity not allowable for Net Capital		[3490]
3.	Total ownership equity qualified for Net Capital		94,411
			[3500]
4.	Add:		
	A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		0
			[3520]
	B. Other (deductions) or allowable credits (List)		
		[3525A]	[3525B]
		[3525C]	[3525D]
		[3525E]	[3525F]
			0
			[3525]
5.	Total capital and allowable subordinated liabilities		94,411
			[3530]
6.	Deductions and/or charges:		
	A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	13,348	
		[3540]	
	B. Secured demand note deficiency		[3590]
	C. Commodity futures contracts and spot commodities - proprietary capital charges		[3600]
	D. Other deductions and/or charges	575	-13,923
		[3610]	[3620]
7.	Other additions and/or credits (List)		
		[3630A]	[3630B]
		[3630C]	[3630D]
		[3630E]	[3630F]
			0
			[3630]
8.	Net capital before haircuts on securities positions		80,488
			[3640]
9.	Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):		
	A. Contractual securities commitments		[3660]
	B. Subordinated securities borrowings		[3670]
	C. Trading and investment securities:		

# EXEMPTIVE PROVISIONS

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based

A. (k)  [4550]  
 (1)–Limited business (mutual funds and/or variable annuities only)

B. (k)  [4560]  
 (2)(i)–"Special Account for the Exclusive Benefit of customers" maintained

C. (k)  [4570]  
 (2)(ii)–All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm(s)

Clearing Firm SEC#s	Name	Product Code
8- _____ [4335A]	_____	_____ [4335B]
8- _____ [4335C]	_____	_____ [4335D]
8- _____ [4335E]	_____	_____ [4335F]
8- _____ [4335G]	_____	_____ [4335H]
8- _____ [4335I]	_____	_____ [4335J]

D. (k)  [4580]  
 (3)–Exempted by order of the Commission

	[3820A]	[3820B]	
	_____	_____	
	[3820C]	[3820D]	
	_____	_____	
	[3820E]	[3820F]	
		0	0
		[3820]	[3830]
19. Total aggregate indebtedness			4,443
			[3840]
20. Percentage of aggregate indebtedness to net capital (line 19 / line 10)		%	6
			[3850]

### OTHER RATIOS

21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	%	_____	0
			[3860]



# STATEMENT OF CHANGES

## STATEMENT OF CHANGES IN OWNERSHIP EQUITY (SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1.	Balance, beginning of period		85,085
			[4240]
	A. Net income (loss)		32,710
			[4250]
	B. Additions (includes non-conforming capital of	[4262]	[4260]
	C. Deductions (includes non-conforming capital of	23,384	-23,384
		[4272]	[4270]
2.	Balance, end of period (From item 1800)		94,411
			[4290]

## STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

3.	Balance, beginning of period		[4300]
	A. Increases		[4310]
	B. Decreases		[4320]
4.	Balance, end of period (From item 3520)		0
			[4330]

## SCHEDULED WITHDRAWALS

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual	Name of Lender or Contributor	Insider or Outsider	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	Withdrawal or Maturity Date (MMDDYYYY)	Expect to Renew	
[4600]		[4601]	[4602]	[4603]	[4604]	[4605]
[4610]		[4611]	[4612]	[4613]	[4614]	[4615]
[4620]		[4621]	[4622]	[4623]	[4624]	[4625]
[4630]		[4631]	[4632]	[4633]	[4634]	[4635]
[4640]		[4641]	[4642]	[4643]	[4644]	[4645]
[4650]		[4651]	[4652]	[4653]	[4654]	[4655]
[4660]		[4661]	[4662]	[4663]	[4664]	[4665]
[4670]		[4671]	[4672]	[4673]	[4674]	[4675]
[4680]		[4681]	[4682]	[4683]	[4684]	[4685]
[4690]		[4691]	[4692]	[4693]	[4694]	[4695]
TOTAL			0			
\$				[4699]		

Omit Pennies

**Instructions** Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

Withdrawal Code	Description
1	Equity Capital
2	Subordinated Liabilities
3	Accruals
4	15c3-1(c)(2)(iv) Liabilities

**FOCUS REPORT**  
 Schedule I  
 page 2

RAPHAEL ARYEH  
 141-51 72nd Crescent  
 FLUSHING, NY 11367  
 (718) 263-4852

11. Respondent clears its public customer accounts in the following manner:

- (enter a "1" in appropriate boxes)
- (a) Direct Mail (New York Stock Exchange Members Only) .....  8086
  - (b) Self-Clearing .....  8087
  - (c) Omnibus .....  8088
  - (d) Introducing .....  8089
  - (e) Other .....  8090

If Other please describe:

- (f) Not applicable .....  8091

12. (a) Respondent maintains membership(s) on national securities exchange(s):

(enter applicable code: 1=Yes 2=No)  2  8100

(b) Names of national securities exchange(s) in which respondent maintains memberships:

(enter a "1" in appropriate boxes)

- (1) American .....  8120
- (2) Boston .....  8121
- (3) CBOE .....  8122
- (4) Midwest .....  8123
- (5) New York .....  8124
- (6) Philadelphia .....  8125
- (7) Pacific Coast .....  8126
- (8) Other .....  8129

13. Employees:

(a) Number of full-time employees .....  2  8101

(b) Number of full-time registered representatives employed by respondent included in 13 (a) .....  0  8102

14. Number of NASDAQ stocks respondent makes market .....  0  8103

15. Total number of underwriting syndicates respondent was a member .....  0  8104

(Carrying or clearing firms filing X-17A-5 Part II)

16. Number of respondent's public customer transactions: Actual .....  0  8105  
 Estimate .....  0  8106

(a) equity securities transactions effected on a national securities exchange .....  0  8107

(b) equity securities transactions effected other than on a national securities exchange .....  0  8108

(c) commodity, bond, option, and other transactions effected on or off a national securities exchange .....  0  8109

# FORM X-17A-5

# FOCUS REPORT

(Financial and Operational Combined Uniform Single Report)

## Schedule I

INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17a-5

Report for the Calendar Year 19  or if less than 12 months

Report for the period beginning   and ending

SEC FILE NUMBER	
8-	35565

8011

1. NAME OF BROKER DEALER RAPHAEL ARYEH AND ASSOCIATES	<input type="text" value="8020"/>	<b>N 9</b>	OFFICIAL USE ONLY	<input type="text" value="8020"/>
			Firm No. M M Y Y	

2. Name(s) of broker-dealer(s) merging with respondent during reporting period:		OFFICIAL USE ONLY	
NAME: NONE	<input type="text" value="8053"/>	<input type="text" value="8053"/>	<input type="text" value="8053"/>
NAME:	<input type="text" value="8054"/>	<input type="text" value="8054"/>	<input type="text" value="8054"/>
NAME:	<input type="text" value="8055"/>	<input type="text" value="8055"/>	<input type="text" value="8055"/>
NAME:	<input type="text" value="8056"/>	<input type="text" value="8056"/>	<input type="text" value="8056"/>

3. Respondent conducts a securities business exclusively with registered broker-dealers:

(enter applicable code: 1=Yes 2=No)

4. Respondent is registered as a specialist on a national securities exchange:

(enter applicable code: 1=Yes 2=No)

5. Respondent makes markets in the following securities:

(a) equity securities   (enter applicable code: 1=Yes 2=No)

(b) municipals   (enter applicable code: 1=Yes 2=No)

(c) other debt instruments   (enter applicable code: 1=Yes 2=No)

6. Respondent is registered solely as a municipal bond dealer:

(enter applicable code: 1=Yes 2=No)

7. Respondent is an insurance company or an affiliate of an insurance company:

(enter applicable code: 1=Yes 2=No)

8. Respondent carries its own public customer accounts:

(enter applicable code: 1=Yes 2=No)

9. Respondent's total number of public customers accounts: (carrying firms filing X-17A-5 Part II only)

(a) Public customer accounts

(b) Omnibus accounts

10. Respondent clears its public customer and/or proprietary accounts:

(enter applicable code: 1=Yes 2=No)

# FOCUS REPORT

## Schedule I

page 3

1000A  
ent  
67  
(718) 268-3413

17. Respondent is a member of the Securities Investor Protection Corporation  
(enter applicable code: 1=Yes 2=No)  1  8111

18. Number of branch offices operated by respondent. . . . .  0  8112

19. Respondent is an affiliate or subsidiary of a foreign broker-dealer  
or bank (enter applicable code: 1=Yes 2=No)  2  8113

20. (a) Respondent is a subsidiary of a registered broker-dealer  
(enter applicable code: 1=Yes 2=No)  2  8114  
(b) Name of parent <sup>12</sup>  8116

21. Respondent is a subsidiary of a parent which is not a registered broker  
or dealer (enter applicable code: 1=Yes 2=No)  2  8115

22. Respondent sends quarterly statements to customers pursuant to  
Rule 10b-10(b) in lieu of daily or immediate confirmations:  
(enter applicable code: 1=Yes 2=No)  2  8117

23. Aggregate Dollar Amount of Non-Exempted OTC Sales of Exchange-  
Listed Securities Done by Respondent During the Reporting Period . . . . . \$  0  8118

\* Required in any Schedule I filed for the calendar year 1978 and succeeding years.

# FOCUS REPORT

## Schedule I

page 3

FORM NO. 1001A  
REV. 11-77  
ent. 11367  
(718) 268-4852

17. Respondent is a member of the Securities Investor Protection Corporation  
(enter applicable code: 1=Yes 2=No)  1  8111

18. Number of branch offices operated by respondent. . . . .  0  8112

19. Respondent is an affiliate or subsidiary of a foreign broker-dealer  
or bank (enter applicable code: 1=Yes 2=No)  2  8113

20. (a) Respondent is a subsidiary of a registered broker-dealer  
(enter applicable code: 1=Yes 2=No)  2  8114

(b) Name of parent  12  8116

21. Respondent is a subsidiary of a parent which is not a registered broker  
or dealer (enter applicable code: 1=Yes 2=No)  2  8115

22. Respondent sends quarterly statements to customers pursuant to  
Rule 10b-10(b) in lieu of daily or immediate confirmations:  
(enter applicable code: 1=Yes 2=No)  2  8117

23. Aggregate Dollar Amount of Non-Exempted OTC Sales of Exchange-  
Listed Securities Done by Respondent During the Reporting Period . . . . . \$  0  8118

\* Required in any Schedule I filed for the calendar year 1978 and succeeding years.

Raphael Aryeh & Associates  
**Profit & Loss**  
 December 31, 2005

	YTD
Ordinary Income/Expense	
Income	
IARD	48,672.82
Service Revenue	<u>19,625.44</u>
Total Income	<u>68,298.26</u>
Gross Profit	<u>68,298.26</u>
Expense	
Bank Service Charges	251.90
Business Promotion	1,703.76
Total Car/Truck Expense	1,819.37
Electric	1,015.87
Total Insurance	3,208.08
Miscellaneous	0.00
Office Equipment	1,229.59
Office Expense	710.54
Pension - SEP	11,000.00
Postage & Delivery	80.84
Printing and Reproduction	420.00
Accounting Fees	2,400.00
Regulatory fees	4,425.77
Rent	1,500.00
Total Taxes	988.33
Total Telephone and Fax	2,808.48
Total Travel & Entertainment	<u>4,718.06</u>
Total Expense	<u>38,080.59</u>
Net Ordinary Income	30,217.67
Other Income/Expense	
Other Income	
Interest Income	2,243.51
Unrealized Gain/Loss	<u>249.00</u>
Total Other Income	<u>2,492.51</u>
Net Other Income	<u>2,492.51</u>
Net Income	<u>32,710.18</u>

**Balance Sheet**  
As of December 31, 2005

	<u>Dec 31, 05</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Citi - Checking	442.95
Citi - Day to Day	357.81
Total Checking/Savings	<u>800.76</u>
Accounts Receivable	
Accounts Receivable	-12.74
IARD - A/R	13,270.16
Total Accounts Receivable	<u>13,257.42</u>
Other Current Assets	
Treasury Bills - Cost	
Change in Market Value	-168.00
Treasury Bills - Cost - Other	84,456.00
Total Treasury Bills - Cost	<u>84,288.00</u>
Total Other Current Assets	<u>84,288.00</u>
Total Current Assets	98,346.18
Fixed Assets	
Building Improvements	
A/D - Building Improvements	-2,407.50
Building Improvements - Other	2,407.50
Total Building Improvements	<u>0.00</u>
Total Fixed Assets	<u>0.00</u>
<b>TOTAL ASSETS</b>	<b><u>98,346.18</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Long Term Liabilities	
Reserve for Eventuality	3,043.00
Total Long Term Liabilities	<u>3,043.00</u>
Total Liabilities	3,043.00
Equity	
Partner's Net Worth - PA	8,314.98
Partner's Net Worth - RA	
Drawings	-2,223.74
Partner's Net Worth - RA - Other	62,575.98
Total Partner's Net Worth - RA	<u>60,352.24</u>
Net Income	26,635.96
Total Equity	<u>95,303.18</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>98,346.18</u></b>

**RAPHAEL ARYEH & ASSOCIATES**

**Statement of Cash Flows**  
**Year ended December 31, 2005**

Cash flows from operating activities:	
Net income	<u>\$ 32,710</u>
Adjustments to reconcile net income to to net cash provided by operating activities:	
Unrealized gain on marketable securities	(249)
Changes in assets and liabilities:	
Accounts receivable	(13,349)
Prepaid expenses	1,821
Other assets	31
Accounts payable and accrued expenses	<u>36</u>
Total adjustments	<u>(11,710)</u>
Net cash provided by operating activities	<u>21,000</u>
Cash flows from financing activities:	
Payments on distributions	<u>(23,384)</u>
Net cash used in investing activities	<u>(23,384)</u>
Net decrease in cash	(2,384)
Cash, beginning of year	<u>3,601</u>
Cash, end of year	<u>\$ 1,217</u>

Supplemental disclosures:

There were no amounts paid for taxes or interest during the  
year ended December 31, 2005.

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

Trial Balance  
As of December 31, 2005

	Dec 31, 05	
	Debit	Credit
Citi - Checking	442.95	
Citi - Day to Day	774.83	
Accounts Receivable	78.46	
IARD A/R	13,270.16	
Prepaid Expenses	0.00	
Treasury Bills - Cost	84,456.00	
Treasury Bills - Cost:Change in Market Value		168.00
Undeposited Funds	0.00	
Building Improvements	2,407.50	
Building Improvements:A/D - Building Improvements		2,407.50
Other assets	0.00	
Accrued expenses		1,400.00
Miscellaneous payable	0.00	
Reserve for Eventuality		3,043.00
Opening Bal Equity	0.00	
Partner's Net Worth - PA		8,314.98
Partner's Net Worth - RA		62,575.98
Partner's Net Worth - RA:Drawings	2,223.74	
IARD income		48,672.82
Product Revenue		1,004.93
Service Revenue		18,620.51
Bank Service Charges	251.90	
Business Promotion	1,594.66	
Car/Truck Expense:Auto Repairs & Maintenance	483.42	
Car/Truck Expense:Gas	663.25	
Car/Truck Expense:Parking & Tolls	708.40	
Car/Truck Expense:Registration & License	18.50	
Dues and Subscriptions	44.85	
Electric	1,028.02	
Insurance:Auto Insurance	1,111.23	
Insurance:General Liability Insurance	513.00	
Insurance:Professional Liability Ins	1,626.60	
Miscellaneous	0.00	
Office Equipment	1,229.59	
Office Expense	534.96	
Office Supplies	47.58	
Pension - SEP	11,000.00	
Postage and Delivery	80.84	
Printing and Reproduction	548.00	
Professional Fees:Accounting Fees	2,400.00	
Regulatory fees	4,425.77	
Rent	1,500.00	
Taxes:Federal Taxes	3,166.00	
Taxes:NYS Income Tax	3,800.00	
Taxes:Property Taxes	876.73	
Taxes:Water	111.60	
Telephone and Fax	2,435.33	
Telephone and Fax:Internet	128.30	
Travel & Entertainment:Travel	4,718.06	
Unrealized Gain/Loss		2,243.51
TOTAL	148,700.23	148,700.23

**RAPHAEL ARYEH & ASSOCIATES**  
Year ended December 31, 2005

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**RAPHAEL ARYEH & ASSOCIATES**

**Financial Statements**

**and**

**Independent Auditors' Report**

**Year ended December 31, 2005**

**RAPHAEL ARYEH & ASSOCIATES**  
Statements of Financial Condition  
December 31, 2005

Assets

Cash	\$ 1,217
Investments	84,288
Accounts receivable	
Advisory fees	13,270
Commissions	<u>79</u>
Total accounts receivable	<u>13,349</u>
 Total assets	 <u>\$ 98,854</u>

Liabilities and Members' Capital

Liabilities:	
Accounts payable and accrued expenses	\$ 4,443
 Members' Capital:	
Members' Capital	<u>94,411</u>
 Total liabilities and members' capital	 <u>\$ 98,854</u>

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

DAVID KORN, CPA  
38 NILES PLACE  
STATEN ISLAND, NY 10314  
(718) 698-7322 david.korn.cpa@gmail.com

To the Partners of  
Raphael Aryeh & Associates  
Queens, New York

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of financial condition of Raphael Aryeh & Associates as of December 31, 2005 and the related statement of income, changes in members' capital and cash flows for the year then ended. These financial statements are the responsibility of Raphael Aryeh & Associates' management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 audits 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 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 Raphael Aryeh & Associates as of December 31, 2005 and the results of its operations, changes in members' Capital and cash flows for the years 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 supplemental information 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 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.



February 5, 2006

**RAPHAEL ARYEH & ASSOCIATES**  
Statements of Changes in Members' Capital  
Year ended December 31, 2005

Members' Capital, beginning of year	\$ 85,085
Net income	32,710
Members' distributions	<u>(23,384)</u>
Members' Capital, end of year	<u>\$ 94,411</u>

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

**RAPHAEL ARYEH & ASSOCIATES**  
Statement of Income  
Years ended December 31, 2005

Income:

Advisory fees	\$ 48,673
Commissions	19,625
Interest	2,244
Unrealized gain on securities	<u>249</u>
 Total income	 <u>70,791</u>

Expenses:

Bank Service Charges	252
Advertising/Business Promotion	1,704
Automobile Expense	1,819
Electric	1,016
Insurance	3,208
Office Equipment	1,230
Office Expense	711
Pension - SEP	11,000
Postage & Delivery	81
Printing and Reproduction	420
Professional Fees	2,400
Regulatory fees	4,426
Rent	1,500
Taxes	988
Telephone and Fax	2,608
Travel & Entertainment	<u>4,718</u>
 Total expenses	 <u>38,081</u>
 Net income	 <u>\$ 32,710</u>

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

## RAPHAEL ARYEH & ASSOCIATES

Notes to Financial Statements  
Year ended December 31, 2005

### 1. ORGANIZATION AND NATURE OF BUSINESS

Raphael Aryeh & Associates (the Company) was organized as a Partnership under laws of the State of New York in 1978. The Company is a registered broker-dealer under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. ("NASD").

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### *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.

#### *Cash*

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

#### *Investments*

Sales of securities and related revenue and expenses are recorded on a trade date basis. Securities owned and securities sold, not yet purchased are valued at their quoted market prices and the resulting unrealized gains and losses are reflected in trading on the statement of income and changes in members' capital based on the last price on the securities exchanges on which they trade.

Marketable securities are valued at market value.

#### *Commissions and Advisory Fees*

Commissions earned as an introducing broker and the related expenses are recorded on a trade date basis as securities transactions occur. Advisory fees are earned from providing financial advisory services.

**RAPHAEL ARYEH & ASSOCIATES**  
Statement of Cash Flows  
Year ended December 31, 2005

Cash flows from operating activities:	
Net income	<u>\$ 32,710</u>
Adjustments to reconcile net income to to net cash provided by operating activities:	
Unrealized gain on marketable securities	(249)
Changes in assets and liabilities:	
Accounts receivable	(13,349)
Prepaid expenses	1,821
Other assets	31
Accounts payable and accrued expenses	<u>36</u>
Total adjustments	<u>(11,710)</u>
Net cash provided by operating activities	<u>21,000</u>
Cash flows from financing activities:	
Payments on distributions	<u>(23,384)</u>
Net cash used in investing activities	<u>(23,384)</u>
Net decrease in cash	(2,384)
Cash, beginning of year	<u>3,601</u>
Cash, end of year	<u>\$ 1,217</u>
Supplemental disclosures:	
There were no amounts paid for taxes or interest during the year ended December 31, 2005.	

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

## **RAPHAEL ARYEH & ASSOCIATES**

Notes to Financial Statements  
Year ended December 31, 2005

### **7. NET CAPITAL REQUIREMENT (cont.)**

Rule also requires that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. Minimum net capital is defined as the greater of 6-2/3% of aggregate indebtedness or \$5,000. At December 31, 2005, the Company had net capital of \$80,487, which was \$75,487 in excess of its required net capital of \$5,000. The ratio of aggregate indebtedness to net capital was 0.055 to 1.

### **8. RELATED PARTY TRANSACTIONS**

The Company had transactions with its managing member throughout the year. These transactions included but were not limited to the following items:

- Funds advanced to the company by members for certain working capital needs that are due on demand without interest.
- Charges by the members to the Company for rent, utilities, automobile and other expenses incurred by the Company during the course of operations.

**RAPHAEL ARYEH & ASSOCIATES**

Notes to Financial Statements

Year ended December 31, 2005

**3. CONCENTRATIONS OF CREDIT RISK**

Financial investments, which potentially subject the Company to concentrations of credit risk, consist of investments and receivables. In an attempt to limit the credit risk, the Organization places its investment funds in U.S. Treasury securities. The Company maintains that credit risk for its accounts receivable is minimal due to experience with its client base.

**4. ACCOUNTS RECEIVABLE – ADVISORY FEES**

At December 31, 2005, accounts receivable – advisory fees reflected on the statement of financial condition is cash held by investment companies.

The Company does not carry accounts for customers or perform custodial functions related to customers' securities. The Company introduces all of its customer transactions, which are not reflected in these financial statements, directly to investment companies, which maintain the customer accounts and clears such transactions.

**5. ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS**

Statement of Financial Accounting Standards No. 107, "Disclosure About Fair Value of Financial Instruments," requires the disclosure of the fair value of financial instruments, including assets and liabilities recognized in the statement of financial condition. Management estimates that the financial instruments recognized in the statement of financial condition (including receivables and payables) approximate their carrying value, as such financial instruments are short-term in nature.

**6. INCOME TAXES**

The Company is treated as a partnership for Federal income tax purposes and does not incur income taxes. Instead, its earnings and losses are included in the personal returns of the members and taxed depending on their personal tax situations. The financial statements do not reflect a provision for income taxes.

**7. NET CAPITAL REQUIREMENT**

As a registered broker-dealer, the Company is subject to the Uniform Net Capital Rule 15c3-1 (the "Rule") of the Securities and Exchange Commission ("SEC") 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. The

**RAPHAEL ARYEH & ASSOCIATES**  
**STATEMENT REGARDING RULE 15c3-3 OF**  
**THE SECURITIES EXCHANGE COMMISSION**  
**YEAR ENDED DECEMBER 31, 2005**

The Company is exempt from Rule 15c3-3 of the Securities Exchange Commission under subparagraph k(2)(ii) because it does not carry securities accounts for customers or perform custodial functions relating to customer securities.

**RAPHAEL ARYEH & ASSOCIATES**  
**COMPUTATION OF NET CAPITAL PURSUANT TO**  
**RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION**  
**YEAR ENDED DECEMBER 31, 2005**

<b>COMPUTATION OF NET CAPITAL</b>	
Members' capital	\$ 94,411
Subordinated loan	<u>          —</u>
<b>TOTAL CAPITAL AND SUBORDINATED LIABILITIES</b>	<u>94,411</u>
<b>NONALLOWABLE ASSETS</b>	
Other assets	<u>13,349</u>
<b>TOTAL NONALLOWABLE ASSETS</b>	<u>13,349</u>
<b>NET CAPITAL BEFORE HAIRCUTS</b>	<u>81,062</u>
Haircuts on securities	<u>575</u>
<b>NET CAPITAL</b>	<u>\$ 80,487</u>
Aggregate indebtedness — total liabilities per statement of financial condition	<u>\$ 4,443</u>
Minimum net capital required (6 2/3% of aggregate indebtedness or \$5,000)	<u>\$ 5,000</u>
Excess net capital	<u>\$ - 75,487</u>
Ratio of aggregate indebtedness to net capital	<u>0.055</u>

*There were no material differences between the audited computation of net capital above and the corresponding schedule included in the Company's unaudited December 31, 2005 Part IIA FOCUS filing.*