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SECURITIES AND EXCHANGE COMMISSION  
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**ANNUAL AUDITED REPORT  
FORM X-17A-5**

**PART III**

APR 18 2006  
FACING PAGE

SEC FILE NUMBER  
8- 43227

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING January 1, 2005 AND ENDING December 31, 2005  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Coastal Securities, L. P.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
5555 San Felipe, Suite 2200

OFFICIAL USE ONLY  
FIRM I.D. NO.

Houston (No. and Street) 77056  
Tx  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT 713-435-4319  
Amanda C. Beltran  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
McDonald, Fox & Lund, P.C.

24 Greenway Plaza, Suite 1800 Houston TX 77046  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

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

PROCESSED

E JUN 30 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)

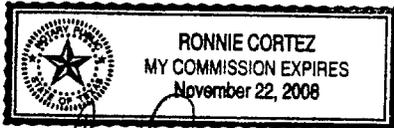
SEC 1410 (06-02)

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*Handwritten signature/initials*  
AB

OATH OR AFFIRMATION

I, Amanda C. Beltran, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Coastal Securities I.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:



Handwritten signature of the Notary Public.

Notary Public

Handwritten signature of Amanda C. Beltran.

Signature

V. P./Controller

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.
(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).

**COASTAL SECURITIES, L.P.**  
**SCHEDULE OF COMPUTATION OF NET CAPITAL, AGGREGATE**  
**INDEBTEDNESS, AND RATIO OF AGGREGATE**  
**INDEBTEDNESS TO NET CAPITAL UNDER RULE 15c3-1.**  
December 31, 2005

**NET CAPITAL**

Partnership capital, as reported on statement of financial condition	\$ 28,237,841
Less nonallowable assets:	
Fixed assets, net	89,246
Other receivables	448,195
Interest and loan principal receivable	531,733
Other assets	1,422,435
Less other deductions, SBA premium haircuts	4,639,564
Net capital before haircuts on securities positions	21,106,668
Less haircuts:	
Exempted securities	507,994
Net capital	(1) \$ 20,598,674

**AGGREGATE INDEBTEDNESS**

Total aggregate indebtedness liabilities as from statement of financial condition	\$ 11,200,884
Add collateral pledged by related party	-
Aggregate indebtedness	\$ 11,200,884
Net capital requirements (greater of 6.67% of aggregate indebtedness or \$250,000)	\$ 746,726
Net capital in excess of required amount	\$ 19,851,948
Ratio of aggregate indebtedness to net capital	.54 to 1

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

**COASTAL SECURITIES, L.P.**  
**SCHEDULE OF COMPUTATION OF NET CAPITAL, AGGREGATE**  
**INDEBTEDNESS, AND RATIO OF AGGREGATE**  
**INDEBTEDNESS TO NET CAPITAL UNDER RULE 15c3-1. (Continued)**  
December 31, 2005

- (1) Net Capital does not agree with the net capital amount per the January 26, 2006 Focus Report due to the following:

Net Capital per the January 26, 2006 Focus Report	\$ 22,155,027
Adjustment to fixed assets to reconcile to year-end detail	(24,975)
Adjustment to reconcile payable to clearing organization and other accrued liabilities	(1,298,897)
Adjustment to distributions payable to partners	<u>(232,481)</u>
Net Capital from page 17 of auditors' Financial Report	<u>\$ 20,598,674</u>