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

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SECTION

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

SEC FILE NUMBER  
8-6311

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 July 1, 2005 ENDING June 30, 2006

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Seymour Chapnick.

OFFICIAL USE ONLY  
FIRM ID. NO.

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

166-25 Powells Cove Blvd

(No. and Street)

Beechhurst

NY

11357

(City)

(State)

(Zip Code)

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

Seymour Chapnick

718-767-2617

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

Levy & Gold, LLP

(Name - If Individual, State Last, First, Middle Name)

310 Northern Blvd

Great Neck

NY

11021

(Address)

(City)

(State)

(Zip Code)

CHECK ONE

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

PROCESSED  
SEP 20 2006  
WILSON 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 exemption. See section 240, 17a-5(e)(2).

Sec 1410 (3-91)

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Handwritten initials

OATH OR AFFIRMATION

I, Seymour Chapnick swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Seymour Chapnick, as of

June 30, 2006, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Seymour Chapnick  
Signature  
owner  
Title

Kathleen M. Hug  
Notary Public

KATHLEEN M. HUG  
Notary Public, State of New York  
No. 01HU6025312  
Qualified in Queens County  
Commission Expires May 24, 2007

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

- X (a) Facing Page
- X (b) Statement of Financial Condition.
- X (c) Statement of Income (Loss)
- X (d) Statement of Cash Flows.
- X (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.
- X (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.
- X (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.
- X (o) A report on internal control.

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

## INDEPENDENT AUDITORS' REPORT

To the Sole Owner  
Seymour Chapnick  
Beechhurst, New York

We have audited the accompanying statement of financial condition of Seymour Chapnick as of June 30, 2006 and the related statements of operations, changes in member's equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. 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.

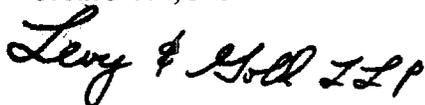
We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seymour Chapnick at June 30, 2006 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule 1 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. This schedule is the responsibility of the Company's management. 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.

### **CERTIFIED PUBLIC ACCOUNTANTS**

Great Neck, NY



July 17, 2006

**SEYMOUR CHAPNICK**

**STATEMENT OF FINANCIAL CONDITION**

**JUNE 30, 2006**

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**ASSETS**

Cash	\$	9,593
Due from clearing broker		<u>192,846</u>
	\$	<u><u>202,439</u></u>

**OWNERS' EQUITY**

<i>Sole proprietorship</i>	\$	<u><u>202,439</u></u>
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*See notes to financial statements*

**SEYMOUR CHAPNICK**

***STATEMENT OF OPERATIONS***  
***YEAR ENDED JUNE 30, 2006***

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***REVENUES***

Commissions \$ 58,401

***EXPENSES***

Commission expense \$ 20,839  
Regulatory fees and expenses 2,542  
Operating expenses 13,596

36,977

***NET INCOME*** \$ 21,424

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*See notes to financial statements*

SEYMOUR CHAPNICK

*STATEMENT OF CASH FLOWS*  
*YEAR ENDED JUNE 30, 2006*

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*Cash flows from operating activities*

Net income	\$ 21,424
Adjustments to reconcile net income to net cash provided by operating activities:	
(Increase) decrease in assets:	
Securities owned	42,600
Due from clearing broker	<u>(23,419)</u>
Total adjustments	<u>19,181</u>

*Net cash provided by operating activities* 40,605

*Cash flows from financing activities*

Capital contributions	3,418
Capital withdrawals	<u>(42,600)</u>

*Net cash used by financing activities* (39,182)

*NET INCREASE IN CASH* 1,423

*CASH - BEGINNING* 8,170

*CASH - END* \$ 9,593

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest expense	\$ -
Income taxes	<u><u>\$ -</u></u>

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*See notes to financial statements*

**SEYMOUR CHAPNICK**

***STATEMENT OF CHANGES IN OWNERS' EQUITY***  
***YEAR ENDED JUNE 30, 2006***

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<i>Balance - beginning</i>	\$ 220,197
Capital contributions	3,418
Capital withdrawals	(42,600)
Net income	<u>21,424</u>
<i>Balance - end</i>	<u><u>\$ 202,439</u></u>

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*See notes to financial statements*

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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Seymour Chapnick (the "Company") is a registered broker-dealer and clears its securities transactions on a fully disclosed basis with another broker-dealer. The Company had no liabilities subordinated to claims of creditors during the year ended June 30, 2006.

**Commissions**

Commissions and related clearing charges are recorded on a trade date basis as securities transactions occur.

**Significant Credit Risk and Estimates**

The Company executes, as agent, securities transactions on behalf of its customers. If either the customer or a counter-party fail to perform, the Company may sustain a loss if the market value of the security is different from the contract value of the transaction. The Company as a non-clearing broker does not handle any customer funds or securities. The responsibility for processing customer activity rests with the Company's clearing firm, Pershing, A BNY Securities Group Co. and Oppenheimer Funds.

The Company main office is located in Beechhurst, New York and its customers are located throughout the United States.

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

**Income taxes**

The Company does not account for income taxes as it is only a part of the return filed by the sole owner.

**2. COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-3**

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k) (2) (ii) of the Rule.

**3. NET CAPITAL REQUIREMENT**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c-3-1), 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 (and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At June 30, 2006, the Company had net capital of \$188,940, which was \$88,940 in excess of its required net capital of \$100,000. The Company had a percentage of aggregate indebtedness to net capital of 0% as of June 30, 2006.

*COMPUTATION OF NET CAPITAL UNDER RULE 15c-3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION  
JUNE 30, 2006*

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*NET CAPITAL*

Owners' equity \$ 202,439

Deductions and/or changes

Haircuts on securities \$ 13,499

*NET CAPITAL* \$ 188,940

*AGGREGATE INDEBTEDNESS* \$ -

*MINIMUM NET CAPITAL REQUIRED* \$ 100,000

*EXCESS OF NET CAPITAL OVER MINIMUM REQUIREMENTS* \$ 88,940

*PERCENTAGE OF AGGREGATE INDEBTEDNESS  
TO NET CAPITAL* 0%

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*See independent auditors' report*

***SUPPLEMENTAL INFORMATION  
PURSUANT TO RULE 17a-5 OF THE  
SECURITIES EXCHANGE ACT OF 1934***

***AS OF JUNE 30, 2006***

***INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED  
BY SEC RULE 17a-5 FOR A BROKER- DEALER CLAIMING  
AN EXEMPTION FROM SEC RULE 15c3-3***

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To the Sole Owner  
Seymour Chapnick  
Beechhurst, New York

In planning and performing our audit of the financial statements and supplemental schedules of Seymour Chapnick (the Company), for the year ended June 30, 2006, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of 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 (or aggregate debits) 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 relating 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 and recordation of differences required by rule 17a-13
2. 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
3. Obtaining and maintaining physical possession or control of all fully paid and excess margins securities of customer as required by Rule 15c3-3

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 of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the 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 accounting principles generally accepted in the United States Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted the following matter involving the internal control environment that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of Seymour Chapnick, for the year ended June 30, 2006, and this report does not affect our report thereon dated July 17, 2006

The size of the business and resultant limited number of employees imposes practical limitations on the effectiveness of those internal control structure procedures that depend on the segregation of duties. Since this condition is inherent in the size of the Company, the specific weaknesses are not described herein and no corrective action has been taken or proposed by the Company.

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 June 30, 2006 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 NASD, and other regulatory agencies that 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.

*Levy & Gold LLP*

**CERTIFIED PUBLIC ACCOUNTANTS**

*July 17, 2006*

**Levy & Gold, LLP**