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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

REC'D S.E.C.  
AUG 26 2006  
803

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 07/01/2005 AND ENDING 06/30/2006  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

TRIAD SECURITIES CORP.

OFFICIAL USE ONLY
_____
FIRM I.D. NO.

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

111 Broadway, 11<sup>th</sup> Floor

(No. and Street)

New York

(City)

NY

(State)

10006

(Zip Code)

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

Mr. Michael Weiss

(212) 349-9184

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

McGladrey & Pullen, LLP

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

**PROCESSED**

**SEP 15 2006**

750 Third Avenue

(Address)

New York

(City)

NY

(State)

10017

(Zip Code)

**THOMSON  
FINANCIAL**

CHECK ONE:

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

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)

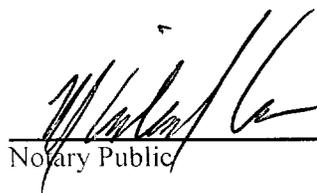
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## OATH OR AFFIRMATION

I, Richard Schultz, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Triad Securities Corp., 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.

  
Signature

PRESIDENT  
Title

  
Notary Public

MICHAEL WEISS  
Notary Public, State of New York  
No. 41-4521844  
Qualified in Queens County  
Commission Expires Dec. 31, 2006

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (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.
- (o) Independent Auditor's Report on Internal Control

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

# McGladrey & Pullen

Certified Public Accountants

## Triad Securities Corp.

Financial Report

June 30, 2006



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# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

To the Board of Directors  
Triad Securities Corp.  
New York, New York

We have audited the accompanying statement of financial condition of Triad Securities Corp. as of June 30, 2006, and the related statements of operations, changes in stockholders' 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 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 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 Triad Securities Corp. as of 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 of America.

*McGladrey & Pullen, LLP*

New York, New York  
August 7, 2006

Triad Securities Corp.

Statement of Financial Condition  
June 30, 2006

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**ASSETS**

Cash	\$ 668,439
Deposit with clearing brokers	400,000
Commissions receivable from clearing brokers	797,741
Equipment - at cost, less accumulated depreciation of \$305,471	17,890
Other assets	82,793

**Total assets** \$ 1,966,863

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Liabilities:

Accounts payable and accrued expenses	\$ 545,118
Deferred grant revenue	120,000

**Total liabilities** 665,118

Stockholders' Equity:

Common stock - no par value, authorized, issued and outstanding - 200 shares	24,950
Additional paid-in capital	208,088
Retained earnings	1,068,707

**Total stockholders' equity** 1,301,745

**Total liabilities and stockholders' equity** \$ 1,966,863

See notes to financial statements.

**Triad Securities Corp.**

**Statement of Operations  
Year Ended June 30, 2006**

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Revenues:	
Commissions	\$ 9,054,572
Interest and dividends	1,112,915
Other	<u>558,447</u>
<b>Total revenues</b>	<b><u>10,725,934</u></b>
Expenses:	
Transaction, exchange and clearing costs	2,425,625
Compensation and related expenses	6,173,524
Communication and information services	573,843
General and administrative expenses	736,742
Support expenses paid to related party	113,770
Travel and entertainment	260,293
Interest expense	29,791
Other expenses	<u>25,383</u>
<b>Total expenses</b>	<b><u>10,338,971</u></b>
<b>Income before provision for taxes</b>	<b>386,963</b>
Provision for Income Taxes:	
Current - local	<u>66,992</u>
<b>Net income</b>	<b><u>\$ 319,971</u></b>

See notes to financial statements.

Triad Securities Corp.

Statement of Changes in Stockholders' Equity  
Year Ended June 30, 2006

	Common Stock		Additional Paid-in Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
Balance, beginning	200	\$ 24,950	\$ 208,088	\$ 1,014,736	\$ 1,247,774
Net income	-	-	-	319,971	319,971
Dividends paid	-	-	-	(266,000)	(266,000)
Balance, ending	<u>200</u>	<u>\$ 24,950</u>	<u>\$ 208,088</u>	<u>\$ 1,068,707</u>	<u>\$ 1,301,745</u>

See notes to financial statements.

**Triad Securities Corp.**

**Statement of Cash Flows  
Year Ended June 30, 2006**

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Cash Flows From Operating Activities:	
Net income	\$ 319,971
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	15,662
Deferred rent	(3,450)
Changes in assets and liabilities:	
Deposit with clearing brokers	50,000
Commissions receivable	(116,990)
Prepaid Expense	(9,334)
Other assets	19,434
Accounts payable and accrued expenses	<u>227,446</u>
<b>Net cash provided by operating activities</b>	<b>502,739</b>
Cash Flows (Used In) Financing Activities:	
Dividends paid	<u>(266,000)</u>
<b>Net increase in cash</b>	<b>236,739</b>
Cash:	
Beginning	<u>431,700</u>
Ending	<u><u>\$ 668,439</u></u>
Supplemental Disclosures of Cash Flows Information:	
Interest paid	<u><u>\$ 29,791</u></u>
Income taxes paid	<u><u>\$ -</u></u>

See notes to financial statements.

Triad Securities Corp.

Notes to Financial Statements

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**Note 3. Lease Commitments**

The Company is obligated under noncancelable operating leases for its principal premises through the fiscal year 2009. Minimum annual rentals under the noncancelable lease are as follows:

Year Ending June 30,

2007	\$ 276,849
2008	283,770
2009	<u>23,696</u>
	<u>\$ 584,315</u>

In addition, the Company leases office space in Connecticut on a month-to-month basis. A deferred rent credit (\$16,200) is included in accounts payable and accrued expenses in the accompanying balance sheet and results from rent reductions provided for at the inception of the lease. Rent expense is recorded on a straight-line basis over the lease term. Rent expense for the fiscal year ended June 30, 2006 was \$286,919.

**Note 4. Stockholders' Equity**

Net Capital Requirements: The Company is subject to the SEC Uniform Net Capital Rule (SEC 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. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1.

As of June 30, 2006, the Company had net capital of approximately \$1,200,000 which was \$1,150,000 in excess of its required net capital. The Company's net capital ratio was .55 to 1.

**Note 5. Retirement Plans**

The Company has a 401(k) retirement savings plan covering all employees who meet eligibility requirements. Each year the Company has the option of making discretionary contributions. There was no provision made for the year ended June 30, 2006.

**Note 6. Concentration of Risk**

The Company maintains cash balances with a financial institution which, at times, may exceed the FDIC insurable limit.

**Note 7. Related Party Transactions**

The Company is affiliated with Triad Securities Limited (TSL) through common ownership. The Company paid related support expenses to TSL in the amount of \$113,770 for the year ended June 30, 2006. The Company also guarantees any indebtedness owed to Pershing LLC from TSL. At June 30, 2006, there were no amounts owed Pershing LLC by TSL.

**Notes to Financial Statements**

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**Note 8. Off-Balance-Sheet Risk**

As discussed in Note 1, the Company's customers' securities transactions are introduced on a fully-disclosed basis with its clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers of the Company and is responsible for execution, collection of and payment of funds and, receipt and delivery of securities relative to customer transactions. Off-balance-sheet risk exists with respect to these transactions due to the possibility that customers may be unable to fulfill their contractual commitments wherein the clearing broker/dealer may charge any losses it incurs to the Company. The Company seeks to minimize this risk through procedures designed to monitor the credit worthiness of its customers and that customer transactions are executed properly by the clearing broker/dealer.

**Note 9. September 11, 2001 Tragedy**

The Company's principal office is located near the scene of the terrorist attacks of September 11, 2001. The Company received grants in 2002, 2003 and 2004 from the World Trade Center Grant Program, administered by the Empire State Development Authority, totaling \$420,000. The grants require the Company to continue their operations in New York City through various dates or the grants must be repaid. Grants which require the Company to continue their operation in New York City beyond June 30, 2006 have been deferred and are included with liabilities in the accompanying statement of financial condition.

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report On Supplementary Information Required By Rule 17a-5 Of The Securities And Exchange Commission

Board of Directors  
Triad Securities Corp.  
New York, New York

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplementary schedules 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.

*McGladrey & Pullen, LLP*

New York, New York  
August 7, 2006

Triad Securities Corp.

Computation of Net Capital and Aggregate Indebtedness  
Under SEC Rule 15c3-1

June 30, 2006

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**Computation of Net Capital:**

Total stockholders' equity per statement of financial condition \$ 1,301,745

Less:

Nonallowable Assets:

Cash	\$ 500	
Equipment	17,890	
Other assets	<u>82,793</u>	<u>(101,183)</u>

**Net capital** 1,200,562

Minimum Net Capital Required (greater of \$50,000, or 6-2/3% of aggregate indebtedness, as defined) 50,000

**Excess net capital** \$ 1,150,562

Computation of Aggregate Indebtness:

Accounts payable and accrued expenses	\$ 545,118
Deferred grant revenue	<u>120,000</u>

**Total aggregate indebtedness** \$ 665,118

Ratio of Aggregate Indebtedness to Net Capital .55 to 1

There were no material differences between the above computation and the computation as reported in the Company's corresponding Part IIA (unaudited) FOCUS Report.

**Triad Securities Corp.**

**Computation Of Reserve Requirements Under Exhibit A Of SEC Rule 15c3-3  
June 30, 2006**

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The Company operates under the provisions of Paragraph (k)(2)(ii) of rule 15c3-3 of the Securities Exchange Act of 1934 and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clear all transactions on behalf of customers on a fully disclosed basis with a clearing broker-dealer, and promptly transmit all customer funds and securities to the clearing broker-dealer. The clearing broker-dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker-dealer.

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report On Internal Control

To the Board of Directors  
Triad Securities Corp.  
New York, New York

In planning and performing our audit of the financial statements and supplementary schedules of Triad Securities Corp. (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 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 relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons.
2. Recordation of differences required by rule 17a-13.
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 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 conformity with accounting principles generally accepted in the United States of America. 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 one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by 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 June 30, 2006, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, National Association of Securities Dealers, Inc., 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.

*McGladrey & Pullen, LLP*

New York, New York  
August 7, 2006