

SECUR

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ANNUAL AUDITED REPORT  
FORM X-17 A-5 (A)  
PART IIIOMB APPROVAL  
OMB Number: 3235-0123  
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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 ThereunderREPORT FOR THE PERIOD BEGINNING 11/12/04 AND ENDING 12/31/05  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:  
PAPALIA SECURITIES, INC.

OFFICIAL USE ONLY

FIRM ID. NO.

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

(No. and Street)

DANVILLE

PA

17821

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
ANGELO MARK PAPALIA (570) 271-1855

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
KAUFMANN, GALLUCCI & GRUMER LLP

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

ONE BATTERY PARK PLAZA

NEW YORK

NY

10004

(Address)

(City)

(State)

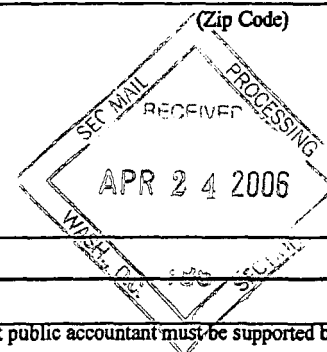
(Zip Code)

## CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any U.S. possessions.

JUL 10 2006

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## 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 OMS control number.

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AD  
7/8/06

# OATH OR AFFIRMATION

I, Angelo Mark Papalia, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Papalia 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:

Angelo Mark Papalia  
Signature

President  
Title

\_\_\_\_\_  
Notary Public

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

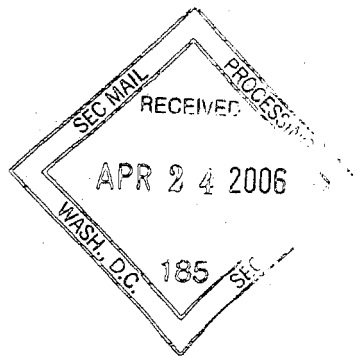
- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated 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).

April 17, 2006

VIA CERTIFIED MAIL

Ms. Kim Cooper  
National Association of Securities Dealers  
1835 Market Street  
Suite 1900  
Philadelphia, PA 19103-2929



Dear Ms. Cooper,

In response to the April 12, 2006 letter we received from AnnMarie McGarrigle of your office, enclosed is one originally executed Form X-17 A-5 Part III. In accord with the instructions in the letter, today we have sent one originally executed Form X-17 A-5 Part III to the SEC regional office in Philadelphia, and two originals to the SEC Washington, D.C. office.

Thank you for clarifying by phone that the form used should be the one with the OMB Approval Expiration date of January 31, 2007, and that only the form itself is required, and not the underlying report or other items.

Sincerely,



Ned M. Shanahan  
Chief Legal Officer  
Chief Compliance Officer

cc: SEC Headquarters (two originals) ✓  
100 F Street, NE  
Washington, DC 20549

National Association of Securities Dealers (one original)  
Philadelphia District Office  
Mr. A. Laurence Ehrhart, Regional Administrator  
The Mellon Independence Center  
701 Market Street  
Philadelphia, PA 19106-1532

Rob Makarewicz (Kaufmann, Gallucci & Grumer, LLP)

Papalia Securities, Inc.  
2 Walnut Street  
Danville, Pennsylvania 17821

570.271.1855  
1.800.626.1027  
fax 570.271.1208

psicompliance@papaliasecurities.com  
www.papaliasecurities.com

Securities Offered Through Papalia Securities, Inc.,  
A Registered Broker-Dealer-Member NASD/SIPC