



TATES
LANGE COMMISSION
D.C. 20549

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

AB 7/13

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
APR 11 2005
BRANCH OF REGISTRATIONS
AND
EXAMINATIONS
08

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

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
APR 11 2005
DIVISION OF MARKET REGULATION

SEC FILE NUMBER
8- 25790

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 January 1, 2005 AND ENDING December 31, 2005
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Garden State Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1540 Route 138, Suite 303

(No. and Street)

Wall Township

NJ

07719

(City)

(State)

(Zip Code)

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

Kevin DeRosa, President

732-280-6886

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Todman & Co., CPAs, P.C.

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

120 Broadway

New York

NY

10271

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED
B JUL 17 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)

KA 7/14/06

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.

AM

OATH OR AFFIRMATION

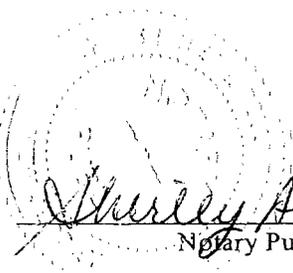
I, Kevin DeRosa, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Garden State Securities, Inc., as of December 31, 2005, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

KDR

Signature

PRESIDENT

Title



Shirley A. Della Torre
Notary Public

SHIRLEY A. DELLA TORRE
Notary Public, State of New Jersey
My Commission Expires February 16, 2011

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 15c3-3 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).

GARDEN STATE SECURITIES, INC.
COMPUTATION OF NET CAPITAL UNDER SEC RULE 15c3-1
DECEMBER 31, 2005

Total stockholders' equity	\$ 326,134
Add: Subordinated borrowings	<u>30,500</u>
Total	<u>356,634</u>
Deductions and/or charges	
Securities not readily marketable	130
Furniture and fixtures	49,582
Leasehold improvements	74,846
Security deposits	47,648
Prepaid expenses	40,045
Other assets	<u>4,186</u>
Total nonallowable assets	<u>216,437</u>
Capital before haircuts	140,197
Haircuts on securities	<u>(3,477)</u>
Net capital	136,720
Less: Minimum net capital requirements:	
The greater of 6-2/3% of aggregate indebtedness or \$2,500 for each security in which the Company makes a market for which the market value exceeds \$5, plus \$1,000 for each security in which the Company makes a market for which the market value is \$5 or less, but not to exceed \$1,000,000	<u>(104,000)</u>
Net capital in excess of all requirements	<u>\$ 32,720</u>
Capital ratio - (maximum allowance 1500%)	
Aggregate indebtedness*	<u>\$ 748,531</u> = 547%
Divided by: Net capital	<u>\$ 136,720</u>
*Aggregate indebtedness	
Accrued expenses and taxes payable	<u>\$ 748,531</u>
Total aggregate indebtedness	<u>\$ 748,531</u>

There were no material differences between the audited report and the unaudited FOCUS report; therefore, no reconciliation is necessary.

See independent auditors' report.



VIA CERTIFIED MAIL 7000 0600 0021 8775 2645

March 27, 2006

Mr. Kevin De Rosa
Garden State Securities, Inc.
1540 Route 138, Suite 303
Wall Township, NJ 07719

Dear Mr. De Rosa:

This acknowledges receipt of Garden State Securities, Inc.'s December 31, 2005 annual filing of audited financial statements made pursuant to Securities Exchange Commission (SEC) Rule 17a-5(d). The report as submitted appears to contain the following deficiencies:

- A Reconciliation, including appropriate explanations, of the audited Computation of Net Capital and the broker-dealer's corresponding Unaudited Part II or Part IIA, if material differences existed, or If no material differences existed, a statement so stating pursuant to SEC Rule 17a-5(d)(4).

Based on the above, your filing does not comply with the requirements of the Rule. The text of the Rule is reproduced in the *NASD Manual* under the section title *SEC Rules & Regulations T*. We urge you to review the Rule with your independent accountant.

Pursuant to the provisions of NASD Rule 8210, we request that you send one copy of each item(s) listed above to this office and to the appropriate SEC regional or district office, and two copies to the SEC Washington, DC office. Your submissions must include a new completed Form X-17A-5 Part III Facing Page, a copy of which is enclosed for your convenience.

Please respond to this matter by April 10, 2006. Questions may be addressed to Elena Villar, Core Examiner, at (732) 596-2055.

Sincerely,



Catherine Dunn
Staff Supervisor

CD/ev

Enclosure: Form X-17A-5 Part III Facing Page

cc: Tom McGowan, Assistant Director
Office of Financial Responsibility
Securities and Exchange Commission
Division of Market Regulation
450 5th Street, NW
Washington, DC 20549

Todman & Co., CPAs, P.C. Certified Public Accountant
120 Broadway
New York, NY 10271

Elena Villar, Core Examiner