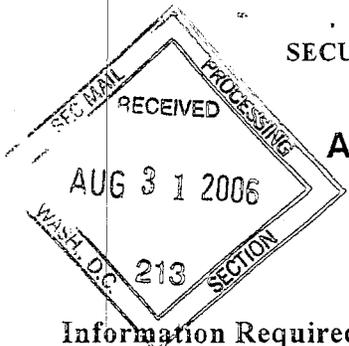


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SECURITY



SSION

06009821

OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2004
Estimated average burden
hours per response... 12.00

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

SEC FILE NUMBER
8-25324

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 AND ENDING June 30, 2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: RJJ PASADENA SECURITIES, INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

80 South Lake Avenue Suite 802

(No. and Street)

Pasadena

CA

91101

(City)

(State)

(Zip Code)

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

Shapour Javadizadeh

(626) 792-1244

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Henson & Company, CPA's Inc.

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

2045 Huntington Drive Suite B

South Pasadena

CA

91030

(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 29 2006 E

THOMSON
FINANCIAL

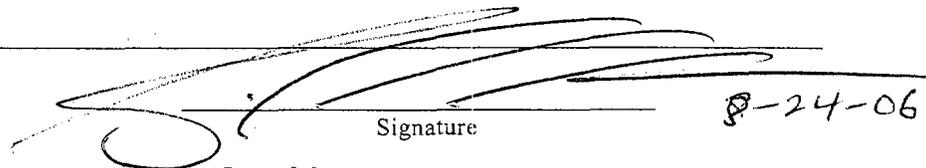
FOR OFFICIAL USE ONLY

*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)

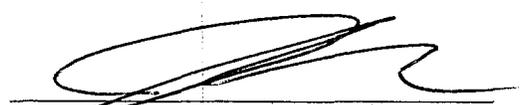
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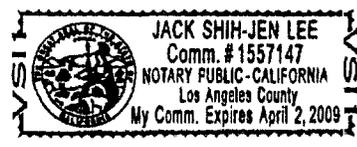
OATH OR AFFIRMATION

I, Shapour Javadizadeh, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of RJJ Pasadena Securities, Inc., as of June 30, 20 06, 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:


Signature 8-24-06
President

Title


Notary Public Jack Shih-Jen Lee
Aug. 29, 2006



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).

Henson & Company, CPA's, Inc.

2045 Huntington Drive, Suite B

South Pasadena, CA 91030

(626) 403-4410 Fax (626) 403-4411

Stephen Henson, CPA

Elizabeth Henson, CPA

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

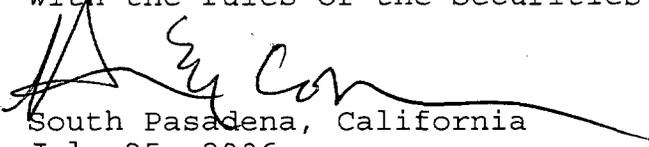
To The Board of Directors and Stockholders
RJJ Pasadena Securities, Inc.

We have audited the accompanying balance sheet of RJJ Pasadena Securities, Inc. at June 30, 2006 and the related statements of operations, changes in stockholders' equity and cash flows for the year then ended. 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 generally accepted auditing standards. 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 RJJ Pasadena Securities, Inc. as of June 30, 2006 and the results of its operations, changes in stockholders' equity and cash flows for the year then ended in conformity with generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 8 and 9 is presented for purposes of additional analysis and is not required as part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the examination 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 and in conformity with the rules of the Securities and Exchange Commission.


South Pasadena, California
July 25, 2006

RJJ PASADENA SECURITIES, INC.

BALANCE SHEET

June 30, 2006

ASSETS

| | |
|--------------------------------------|-------------------|
| Current assets: | |
| Cash | \$ 224,072 |
| Receivables from brokers and dealers | <u>56,710</u> |
| Total current assets | 280,782 |
| Deposit | <u>1,487</u> |
| Total assets | <u>\$ 282,269</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | |
|---|-------------------|
| Liabilities: | |
| Accrued salaries and expenses | \$ 168,127 |
| Accounts Payable | <u>26,217</u> |
| Total Current Liabilities | 194,344 |
| Commitments | |
| Stockholders' Equity: | |
| Common Stock, no par value: stated value \$10, authorized 10,000 shares, issued and outstanding 10,000 shares | 100,000 |
| Accumulated deficit | <u>(12,075)</u> |
| Total stockholders' equity | <u>87,925</u> |
| Total liabilities and stockholders' equity | <u>\$ 282,269</u> |

See accompanying notes

RJJ PASADENA SECURITIES, INC.

STATEMENT OF OPERATIONS

June 30, 2006

| | | |
|------------------------------------|---------------|-----------------|
| Revenues: | | |
| Commissions | | \$ 598,574 |
| Interest | | <u>36,855</u> |
| | | 635,429 |
| Expenses: | | |
| Employee compensation and benefits | \$ 462,832 | |
| Office expenses | 31,923 | |
| Rent | 29,822 | |
| Payroll taxes | 28,074 | |
| Auto and travel expenses | 20,424 | |
| Other operating expenses | <u>56,910</u> | <u>629,985</u> |
| Income before income taxes | | 5,444 |
| Provision for income taxes | | <u>(817)</u> |
| Net profit | | <u>\$ 4,627</u> |

See accompanying notes

RJJ PASADENA SECURITIES, INC.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

Year ended June 30, 2006

| | <u>Common Stock</u> | | <u>Accumulated</u> | <u>Total</u> |
|---------------------------------|---------------------|-------------------|--------------------|------------------|
| | <u>Shares</u> | <u>Amount</u> | <u>Deficit</u> | |
| Balance at beginning of year | 9,000 | \$ 90,000 | \$ (16,702) | \$ 73,298 |
| Issuance of Common Stock | 1,000 | \$ 10,000 | - | 10,000 |
| Net profit | <u>-</u> | <u>-</u> | <u>4,627</u> | <u>4,627</u> |
| Balance at end of year | <u>10,000</u> | <u>\$ 100,000</u> | <u>\$ (12,075)</u> | <u>\$ 87,925</u> |

See accompanying notes

RJJ PASADENA SECURITIES, INC.

STATEMENT OF CASH FLOWS

Year ended June 30, 2006

| | |
|---|-------------------|
| Cash flow from operating activities: | |
| Net profit | \$ 4,627 |
| Non cash items included in net income: | |
| Increase in receivables from brokers and dealers | (5,517) |
| Decrease in accrued salaries and expense | (18,943) |
| Increase in accounts payable | <u>24,981</u> |
| Total cash used by operations | <u>5,148</u> |
| Cash provided by financing activities: | |
| Issuance of Common Stock | <u>\$ 10,000</u> |
| Total cash provided by financing activities | 10,000 |
| Net increase in cash | 15,148 |
| Beginning cash balance | <u>208,924</u> |
| Ending cash balance | <u>\$ 224,072</u> |

See accompanying notes

RJJ PASADENA SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

1. SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying statements follows:

Basis of Presentation

The Company is a securities broker-dealer which executes and clears its stock and bond transactions through a major brokerage correspondent on a fully disclosed basis and forwards to the correspondent all of the funds and securities of customers received in connection therewith. Stock certificates are not processed by the Company, and accordingly, no recording of the positions is maintained by the Company. Security transactions are recorded on a trade date basis settling on the last business day of each month.

2. COMMITMENTS AND CONTINGENCIES

Clearing Broker-dealer

The Company is contingently liable to its clearing broker-dealer for any losses or claims resulting from transactions of its fully disclosed customers.

Lease Commitments

The Company occupies its office facilities under a month to month arrangement.

See accompanying accountants' report

RJJ PASADENA SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

3. REGULATORY REQUIREMENTS

As a registered broker-dealer, the Company is subject to the Uniform Net Capital Rule of the Securities and Exchange Commission (Rule 15c3-1) which requires that the minimum net capital, as defined, shall be the greater of \$50,000 or one-fifteenth of aggregate indebtedness, as defined. At June 30, 2006, the Company had net capital of \$86,438 which exceeded its requirement by \$36,438.

A computation of reserve requirements and information relating to possession and control are not applicable to RJJ Pasadena Securities, Inc. as the Company qualifies for exemption under Rule 15c3-3(k) (2) (B).

See accompanying accountants' report

RJJ PASADENA SECURITIES, INC.

COMPUTATION OF NET CAPITAL PER UNIFORM NET CAPITAL RULE 15c3-1

June 30, 2006

| | | |
|--|--|-------------------|
| CREDITS | | |
| Shareholders' equity | | \$ <u>87,925</u> |
| DEBITS | | |
| Non allowable assets | | |
| Deposits | | <u>1,487</u> |
| TOTAL DEBITS | | <u>1,487</u> |
| NET CAPITAL | | \$ 86,438 |
| 6-2/3% of aggregate indebtedness in the amount of \$194,344 (\$12,963) or \$50,000, whichever is greater | | <u>50,000</u> |
| EXCESS NET CAPITAL | | <u>\$ 36,438</u> |
| AGGREGATE INDEBTEDNESS | | |
| Current Liabilities | | \$ <u>194,344</u> |
| TOTAL AGGREGATE INDEBTEDNESS | | <u>\$ 194,344</u> |
| Ratio of Aggregate Indebtedness to Net Capital | | 2.25:1 |

See accompanying accountants' report

RJJ PASADENA SECURITIES, INC.

RECONCILIATION OF NET CAPITAL

June 30, 2006

| | |
|--|------------------|
| Net capital per FOCUS report, Part IIA | \$ 86,438 |
| Audit adjustments | <u>-</u> |
| Net Capital per report | <u>\$ 86,438</u> |

See accompanying accountants' report

INDEPENDENT PUBLIC ACCOUNTANTS'

SUPPLEMENTARY REPORT

ON

INTERNAL ACCOUNTING CONTROL

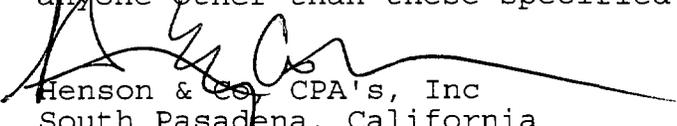
management with reasonable, but not absolute, assurances that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal accounting control procedures or the practices and procedures referred to above, errors 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 specified 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 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 and 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 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.



Henson & Co, CPA's, Inc
South Pasadena, California
July 25, 2006