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Washington, D.C. 20549

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

SECURITIES AND EXCHANGE COMMISSION

RECEIVED

SEP 22 2006

SEC FILE NUMBER
8- 18217

FACING PAGE BRANCH OF REGISTRATIONS
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 01/01/05 AND ENDING 12/31/05
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **BLUESTONE SECURITIES CORPORATION**

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
100 Wells Avenue - Suite 200

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)
Newton, **MA** **02459**
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Friedman Suvalle & Salomon PC

(Name - if individual, state last, first, middle name)
70 Wells Avenue **Newton** **MA** **02459**
(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

THOMSON FINANCIAL

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*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)

Handwritten signature

OATH OR AFFIRMATION

I, David W. Gottler, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Bluestone Securities Corporation, 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:

David W. Gottler
Signature

Chief Financial Officer

Title

Robert M. Hunter
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.
- (o) An independent auditor's report on internal accounting control.

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

BLUESTONE SECURITIES COPORATION

ANNUAL AUDITED REPORT

DECEMBER 31, 2005

STEVEN L. FRIEDMAN
ALAN J. SUVALLE
ROBERT S. SALOMON

FRIEDMAN
SUVALLE & SALOMON PC
Certified Public Accountants and Business Consultants
Member of CPA Associates International, Inc.

STEVEN B. SCHWARTZ
KENNETH A. BLOOM
LEWIS R. COHEN

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Independent Auditors' Report

The Board of Directors and Shareholders
Bluestone Securities Corporation

We have audited the accompanying statement of financial condition of Bluestone Securities Corporation as of December 31, 2005, and the related statements of income and retained earnings 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 Bluestone Securities Corporation as of December 31, 2005, 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.

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.

Friedman, Suvalle & Salomon, PC

Friedman, Suvalle & Salomon, P.C.
Newton, Massachusetts
January 20, 2006

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Bluestone Securities Corporation

**Statement of Financial Condition
December 31, 2005**

Assets

Current Assets

Cash	\$ 35,748
Prepaid expenses	<u>3,656</u>

Total assets	\$ <u>39,404</u>
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Liabilities and Stockholder's Equity

Liabilities

Accrued expenses	\$ 7,748
Deferred revenue	<u>3,656</u>

Total liabilities	<u>11,404</u>
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Stockholder's equity

Common stock, \$.01 par value, 100 shares authorized, issued and outstanding	1
Additional paid-in capital	27,999
Retained earnings	<u>-</u>

Total stockholder's equity	<u>28,000</u>
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Total liabilities and stockholder's equity	\$ <u>39,404</u>
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See independent auditors' report and notes to financial statements.