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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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ANNUAL AUDITED REPORT
FORM X-17A-5 SEC 110
PART III

FEB 29 2008

SEC FILE NUMBER
8-35875

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 01/01/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: CONNELL SECURITIES LLC
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
200 CONNELL DRIVE

OFFICIAL USE ONLY
FIRM I.D. NO.

BERKELEY HEIGHTS NEW JERSEY 07922
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
DUANE CONNELL (908) 673-3700
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

ERNST & YOUNG, LLP
(Name - if individual, state last, first, middle name)

99 WOOD AVENUE SOUTH ISELIN NEW JERSEY 08830
(Address) (City) (State) (Zip Code)

PROCESSED
MAR 24 2008
THOMSON
FINANCIAL

CHECK ONE:

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

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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)

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CONNELL SECURITIES LLC

**Financial Statements
and Supplementary Information**

December 31, 2007

(check all applicable boxes):

- of Financial Condition
- of Operations
- of Cash Flows
- of Changes in Stockholder's Equity
- of Changes in Liabilities Subordinated to General Creditors
- of Net Capital for Brokers and Dealers Rule 15c3-1
- of Net Capital for Determination of Reserve Requirements Rule 15c3-3
- Relating to the Possession or Control of Securities Pursuant to Rule 15c3-3
- of Net Capital, Including Appropriate Explanation, Computation of Net Capital Under Rule 15c3-1
- of Net Capital for Determination of Reserve Requirements Under Exhibit A of Rule 15c3-3
- of Reconciliation Between the Audited and Unaudited Financial Condition With Respect to Consolidation
- of Affirmation
- of the SIPC Supplementary Report
- of Primary Report of Independent Accountants
- of Segregation Requirements and Funds in Customers' Regulated Commodity Futures
- Auditor's Report on Internal Control

Report of Independent Registered Public Accounting Firm

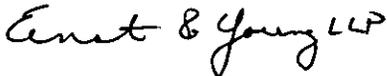
To the Member of Connell Securities LLC

We have audited the accompanying statement of financial condition of Connell Securities LLC as of December 31, 2007, and the related statements of operations, changes in member's 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 auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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 Connell Securities LLC at December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Computation of Net Capital under Rule 15c 3-1 of the Securities and Exchange Commission is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our 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 whole.



February 18, 2008

CONNELL SECURITIES LLC
Statement of Financial Condition
December 31, 2007

ASSETS

Current assets:

Cash

\$ 301,052

LIABILITIES AND MEMBER'S EQUITY

Current liabilities:

Due to member

\$ 25,549

Accrued expenses

12,000

Total current liabilities

37,549

Member's equity

263,503

\$ 301,052

See accompanying notes.

CONNELL SECURITIES LLC
Statement of Operations
For the Year Ended December 31, 2007

Miscellaneous revenue	\$ 35,000
Operating expenses	<u>124,169</u>
Net loss	<u><u>\$ (89,169)</u></u>

See accompanying notes.

CONNELL SECURITIES LLC
Statement of Cash Flows
For the Year Ended December 31, 2007

Cash flows from operating activities:	
Net loss	\$ (89,169)
Adjustments to reconcile net loss to net cash used in operating activities:	
Decrease in due to member	(38,608)
Increase in accrued expenses	<u>500</u>
Net cash used in operating activities and net decrease in cash	(127,277)
Cash, beginning of year	<u>428,329</u>
Cash, end of year	<u><u>\$ 301,052</u></u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for:	
Interest	<u>\$ -</u>
Income taxes	<u><u>\$ -</u></u>

See accompanying notes.

CONNELL SECURITIES LLC
Statement of Changes in Member's Equity
For the Year Ended December 31, 2007

Balance, January 1, 2007	\$ 352,672
Net loss	<u>(89,169)</u>
Balance, December 31, 2007	<u>\$ 263,503</u>

See accompanying notes.

CONNELL SECURITIES LLC

Notes to Financial Statements

December 31, 2007

Note 1 – Significant Accounting Policies

The Company

Connell Securities LLC (the Company) is organized as a limited liability company. The Company's business activities consist of private placements of securities and rendering corporate financial advice. The Company is a registered broker/dealer with the Securities and Exchange Commission ("SEC") and the New Jersey Bureau of Securities ("NJBS") and is a member of the National Association of Securities Dealers, Inc. (NASD).

Basis of Presentation

The Company maintains its books and records on the accrual basis. Fee income is recognized at the time the financing transaction is completed and the income is determinable.

Note 2 – Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 3 – Miscellaneous Revenue

For the year ended December 31, 2007 the Company received \$35,000 from the NASD, as did all member firms, based on anticipated cost savings in running the regulatory organization. The payment is included in miscellaneous revenue in the accompanying statement of operations.

Note 4 – Related Party Transactions

The Company does not have any employees. The member provides these services and bills the Company for the related employee cost based on the hours worked. In addition the member pays certain of the Company's operating expenses and is then reimbursed by the Company. Both of these costs are charged to the Company in accordance with guidance on the recording of expenses and liabilities of broker/dealers issued by the SEC. The total of these employee costs and operating expenses amounted to \$104,953 for the year ended December 31, 2007.

CONNELL SECURITIES LLC

Notes to Financial Statements

December 31, 2007

Note 5 – Income Taxes

The financial statements do not include a provision for income taxes as the Company's earnings and losses are included in the member's income tax returns and are taxed based on the member's effective tax rate.

Note 6 – Net Capital Requirements

As a registered broker/dealer, the Company is subject to SEC Rule 15c3-1, which requires that the Company maintain net capital equal to the greater of \$5,000 or 6.67% of aggregate indebtedness.

At December 31, 2007 the Company's net capital of \$263,503 exceeded the SEC required net capital by \$258,503.

SUPPLEMENTARY INFORMATION

CONNELL SECURITIES LLC
Computation of Net Capital Under Rule 15 c 3-1
of the Securities and Exchange Commission
As of December 31, 2007

NET CAPITAL:

Total Member's equity	<u>\$ 263,503</u>
Total capital	263,503
Deduction:	
Nonallowable assets	<u>-</u>
Net capital	<u><u>\$ 263,503</u></u>
AGGREGATE INDEBTEDNESS (A. I.)	<u><u>\$ -</u></u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:

Minimum net capital required (6.67% of total A.I.)	<u><u>\$ -</u></u>
Minimum dollar net capital requirement of broker/dealer	<u><u>\$ 5,000</u></u>
Net capital requirement (greater of 1 or 2)	<u><u>\$ 5,000</u></u>
Excess net capital	<u><u>\$ 258,503</u></u>
AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u><u>-</u></u>

There are no material differences between the audited computation above and the computation of Net Capital included in the unaudited FOCUS filing.

Supplementary Report of Independent Registered Public Accounting Firm on Internal Control Required by SEC Rule 17a-5(g)(1)

Board of Directors
Connell Securities LLC

In planning and performing our audit of the financial statements of Connell Securities LLC (the "Company"), as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States, we considered its internal control over financial reporting ("internal control"), as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's 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 consideration of control activities for safeguarding securities. The study included tests of 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 (or aggregate debits) 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 quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13
2. 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 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 internal control and 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and 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, as described in the second paragraph of this report, were adequate at December 31, 2007, 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.

Ernst & Young LLP

February 18, 2008

END