

41  
35

BEST AVAILABLE COPY  
BEST AVAILABLE COPY

SEC



SSION

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden	
hours per response.....	12.00

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

SEC FILE NUMBER
8-66229

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: Puritan Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

980 Post Road East, 2nd Floor

(No. and Street)

Westport

CT

06880

(City)

(State)

(Zip Code)

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

Nathan Lapkin

(203) 401-8089

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Spicer Jeffries LLP

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

5251 S. Quebec Street, Suite 200

Greenwood Village

SEGO

80111

(Address)

(City)

Mall Processing  
Section

(Zip Code)

CHECK ONE:

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

FEB 27 2008

PROCESSED

MAR 10 2008

Washington, DC  
101

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)

SEC 1410 (08-02)

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 OMB control number.

EBB  
6/5  
[Handwritten signature]

OATH OR AFFIRMATION

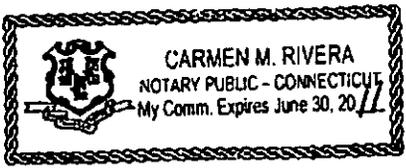
I, Nathan Lapkin, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Puritan Securities, Inc., as of December 31, 2007, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Nathan Lapkin  
Signature

\_\_\_\_\_  
President  
Title

[Signature] 2.25.08  
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 of Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital (including reconciliation of X-17A-5 Part II filing with this Rule 17a-5(d) report, if applicable).
- (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.
- (o) Independent Auditors' Report on Internal Accounting Control.

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

PURITAN SECURITIES, INC.

REPORT PURSUANT TO RULE 17a-5(d)

YEAR ENDED DECEMBER 31, 2007

**PURITAN SECURITIES, INC.**

**CONTENTS**

	<u>Page</u>
Independent Auditors' Report	3
Statement of Financial Condition	4
Statement of Operations	5
Statement of Changes in Shareholder's Equity	6
Statement of Cash Flows	7
Notes to Financial Statements	8-10
Supplementary Schedules:	
Computation of Net Capital Pursuant to Uniform Net Capital Rule 15c3-1	11
Reconciliation Of The Computation Of Net Capital Pursuant To Uniform Net Capital Rule 15c3-1 Included In The Company's Corresponding Unaudited Form X-17A-5 Part II Filing With The Computation Included In The Report Pursuant To Rule 17a-5(d)	12
Independent Auditors' Report on Internal Accounting Control Required by SEC Rule 17a-5	13-14



SPICER JEFFRIES LLP

CERTIFIED PUBLIC ACCOUNTANTS

5251 SOUTH QUEBEC STREET - SUITE 200

GREENWOOD VILLAGE, COLORADO 80111

TELEPHONE: (303) 753-1959

FAX: (303) 753-0334

[www.spicerjeffries.com](http://www.spicerjeffries.com)

## INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
Puritan Securities, Inc.

We have audited the accompanying statement of financial condition of Puritan Securities, Inc. as of December 31, 2007, and the related statements of operations, changes in shareholder'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 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 Puritan Securities, Inc. as of December 31, 2007, 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 made for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in the supplemental schedules listed in the accompanying index are presented for purposes of additional analysis and is not required for a fair presentation of the 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 our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Spicer Jeffries LLP*

Greenwood Village, Colorado  
January 25, 2008

**msi** Legal & Accounting  
Network Worldwide

Spicer Jeffries is a member of MSI, a network of independent professional firms.

PURITAN SECURITIES, INC.

STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2007

ASSETS

Cash and cash equivalents	\$ 295,508
Commissions receivable:	
Clearing broker	105,240
Other commissions receivable	95,266
Securities owned	1,156
Other assets	<u>1,050</u>
<i>Total assets</i>	<u>\$ 498,220</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

**LIABILITIES:**

Commissions payable	\$ 332,568
Income taxes payable	35,102
Accrued expenses	<u>8,624</u>
<i>Total liabilities</i>	<u>376,294</u>

**COMMITMENTS AND CONTINGENCIES (Notes 3 and 5)**

**SHAREHOLDER'S EQUITY (Note 2):**

Preferred stock, \$0.001 par value; 5,000,000 shares authorized; no shares issued or outstanding	-
Common stock, no par value; 1,600,000 shares authorized, 1,600,000 shares issued and outstanding	4,000
Additional paid-in capital	38,419
Retained earnings	<u>79,507</u>
<i>Total shareholder's equity</i>	<u>121,926</u>

*Total liabilities and shareholder's equity* \$ 498,220

**PURITAN SECURITIES, INC.**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2007**

<b>REVENUE:</b>	
Commissions and fees	\$ 2,788,884
Trading losses, net	(1,132)
Other income	<u>36,148</u>
<i>Total revenue</i>	<u>2,823,900</u>
<b>EXPENSES:</b>	
Commissions	2,510,800
General and administrative expenses	169,265
Professional fees	<u>14,558</u>
<i>Total expenses</i>	<u>2,694,623</u>
<b>NET INCOME BEFORE INCOME TAX PROVISION</b>	129,277
Income tax provision (Note 4)	<u>33,650</u>
<b>NET INCOME</b>	<u>\$ 95,627</u>

The accompanying notes are an integral part of this statement.

PURITAN SECURITIES, INC.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY  
YEAR ENDED DECEMBER 31, 2007

	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings (Deficit)	Total
	Shares	Amount	Shares	Amount			
BALANCES, December 31, 2006	-	\$ -	1,600,000	\$ 4,000	\$ 38,419	\$ (16,120)	\$ 26,299
Net income	-	-	-	-	-	95,627	95,627
BALANCES, December 31, 2007	-	\$ -	1,600,000	\$ 4,000	\$ 38,419	\$ 79,507	\$ 121,926

The accompanying notes are an integral part of this statement.

PURITAN SECURITIES, INC.

**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2007**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net income	\$	95,627
Adjustments to reconcile net income to net cash provided by operating activities:		
Increase in commissions receivable		(141,587)
Increase in securities owned		(1,006)
Increase in commissions payable		279,541
Increase in income taxes payable		33,650
Increase in accrued expenses		<u>58</u>
<b>NET INCREASE IN CASH</b>		<b>266,283</b>
<b>CASH AND CASH EQUIVALENTS, at beginning of year</b>		<b><u>29,225</u></b>
<b>CASH AND CASH EQUIVALENTS, at end of year</b>	<b>\$</b>	<b><u>295,508</u></b>

The accompanying notes are an integral part of this statement.

**PURITAN SECURITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Business**

Puritan Securities, Inc. (the "Company") is a New York corporation incorporated on October 14, 2003. The Company is a broker-dealer registered with the Securities and Exchange Commission and the Financial Industry Regulatory Authority, Inc. In this capacity, the Company participates in private placements of capital into various limited partnerships and other investment vehicles and directs trading to other broker-dealers.

**Securities Inventory and Revenue Recognition**

Securities owned by the Company are recorded at market value and related changes in market value are reflected in income. The Company records proprietary transactions, commission revenue and related expenses on a trade-date basis.

**Agreement with Clearing Broker**

The Company under Rule 15c3-3(k)(2)(i) is exempt from the reserve and possession or control requirements of Rule 15c3-3 of the Securities and Exchange Commission. The Company does not carry or clear customer accounts. Accordingly, all customer transactions are executed and cleared on behalf of the Company by its clearing broker on a fully disclosed basis. The Company's agreement with its clearing broker provides that as clearing broker, that firm will make and keep such records of the transactions effected and cleared in the customer accounts as are customarily made and kept by a clearing broker pursuant to the requirements of Rules 17a-3 and 17a-4 of the Securities and Exchange Act of 1934, as amended (the "Act"). It also performs all services customarily incident thereon, including the preparation and distribution of customer's confirmations and statements and maintenance margin requirements under the Act and the rules of the Self Regulatory Organizations of which the Company is a member.

**Statement of Cash Flows**

For purposes of cash flows, the Company considers money market funds with maturity of three months or less to be cash equivalents.

**Fair value of financial instruments**

The Company measures its financial assets and liabilities in accordance with accounting principles generally accepted in the United States of America. For certain of the Company's financial instruments, including cash, receivables, other assets, payables and accrued expenses, the carrying amounts approximate fair value due to their short maturities. Securities owned are valued at market value.

PURITAN SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes, as prescribed by Statement of Financial Accounting Standards No. 109. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which these temporary differences are expected to be recovered or settled. Changes in tax rates are recognized in income in the period in that includes the enactment date.

**NOTE 2 - NET CAPITAL REQUIREMENTS**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. At December 31, 2007, the Company had net capital and net capital requirements of \$111,176 and \$25,086, respectively. The Company's net capital ratio (aggregate indebtedness to net capital) was 3.38 to 1. According to Rule 15c3-1, the Company's net capital ratio shall not exceed 15 to 1.

**NOTE 3 - COMMITMENTS**

The Company leases office space from unrelated parties under noncancellable operating leases expiring through November 30, 2008. The office lease contains provisions for escalations based on increases in certain costs incurred by the lessor.

At December 31, 2007, aggregate minimum future rental commitments under these leases with initial or remaining terms in excess of one year are as follows:

2008	<u>\$ 22,550</u>
------	------------------

Total rental expense of approximately \$25,000, including the noncancellable leases referred to above, was charged to operations during the year ended December 31, 2007.

**PURITAN SECURITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**NOTE 4 - INCOME TAXES**

The Company utilized its net operating loss carryforward of approximately \$16,000 for income tax purposes. There were no material differences between the Company's taxable income for financial reporting and income tax reporting purposes. Income tax expense is less than the expected tax rate of 34% due to the progressive statutory rates.

**NOTE 5 - FINANCIAL INSTRUMENTS, OFF-BALANCE SHEET RISK AND CONTINGENCIES**

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event that counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

The Company bears the risk of financial failure by its clearing broker. If the clearing broker should cease doing business, the amounts due from this clearing broker could be subject to forfeiture.

In the Company's trading activities, the Company may purchase securities for its own account and may incur losses if the market value of the securities decline subsequent to the purchase.

The Company maintains cash balances in excess of the FDIC insured amount of \$100,000. At December 31, 2007, the Company has \$195,508 in excess of these limits.

**SUPPLEMENTARY INFORMATION**

PURITAN SECURITIES, INC.

COMPUTATION OF NET CAPITAL  
PURSUANT TO UNIFORM NET CAPITAL RULE 15c3-1  
DECEMBER 31, 2007

<b>CREDIT:</b>		
Shareholder's equity		\$ <u>121,926</u>
<b>DEBITS:</b>		
Nonallowable assets:		
Commissions receivable		9,527
Other assets		<u>1,050</u>
<i>Total debits</i>		<u>10,577</u>
<b>NET CAPITAL BEFORE HAIRCUTS</b>		111,349
Haircuts on securities positions		<u>173</u>
<b>NET CAPITAL</b>		111,176
Minimum requirements of 6-2/3% of aggregate indebtedness of \$376,294 or \$5,000, whichever is greater		<u>25,086</u>
<i>Excess net capital</i>		<u>\$ 86,090</u>
<b>AGGREGATE INDEBTEDNESS:</b>		
Commissions payable	\$	332,568
Income taxes payable		35,102
Accrued expenses		<u>8,624</u>
	\$	<u>376,294</u>
<b>RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL</b>		<u>3.38 to 1</u>

PURITAN SECURITIES, INC.

RECONCILIATION OF THE COMPUTATION OF NET CAPITAL PURSUANT TO  
UNIFORM NET CAPITAL RULE 15c3-1 INCLUDED IN THE COMPANY'S  
CORRESPONDING UNAUDITED FORM X-17A-5 PART II FILING WITH THE  
COMPUTATION INCLUDED IN THE REPORT PURSUANT TO RULE 17a-5(d)  
DECEMBER 31, 2007

NET CAPITAL PER COMPANY'S UNAUDITED FORM X-17A-5 PART II FILING	\$ 130,679
Adjustments:	
Increase in non-allowable assets	<u>(19,503)</u>
NET CAPITAL PER REPORT PURSUANT TO RULE 17a-5(d)	<u>\$ 111,176</u>



SPICER JEFFRIES LLP

CERTIFIED PUBLIC ACCOUNTANTS

5251 SOUTH QUEBEC STREET • SUITE 200

GREENWOOD VILLAGE, COLORADO 80111

TELEPHONE: (303) 753-1959

FAX: (303) 753-0338

[www.spicerjeffries.com](http://www.spicerjeffries.com)

## INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5

The Board of Directors of  
Puritan Securities, Inc.

In planning and performing our audit of the financial statements and supplementary information of Puritan Securities, Inc. for the year ended December 31, 2007, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "Commission"), we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Puritan Securities, Inc. that we considered relevant to the objectives stated in Rule 17a-5(g), (i) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3; and (ii) for safeguarding the occasional receipt of securities and cash until promptly transmitted to the Company's clearing brokers. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or 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, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 internal control structure policies and procedures 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 Commission's above-mentioned objectives. Two of the objectives of an internal control structure 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 accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure 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. This report recognizes that it is not practicable in an organization the size of Puritan Securities, Inc. to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control and that alternatively greater reliance must be placed on surveillance by management.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 specific internal control structure elements does not reduce to a relatively low level the risk that errors 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. We noted no matters involving the internal control structure, including procedures 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 Commission 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 were adequate at December 31, 2007, to meet the Commission's objectives.

In addition, our review indicated that Puritan Securities, Inc. was in compliance with the conditions of exemption from Rule 15c3-3 pursuant to paragraph k(2)(i) as of December 31, 2007, and no facts came to our attention to indicate that such conditions had not been complied with during the year.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, Inc., 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.



Greenwood Village, Colorado  
January 25, 2008

**END**