



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

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

SEC FILE NUMBER
8- 66608

**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 01/01/2008 AND ENDING 12/31/2008  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Lightstone Securities, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
One International Blvd., Suite 200

OFFICIAL USE ONLY
FIRM I.D. NO.

Mahwah, (No. and Street) NJ 07495  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Joseph DePietto, CPA (516) 326-9200  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Joseph P. DePietto, CPA P.C., DePietto Blum & Company  
(Name - if individual, state last, first, middle name)  
1981 Marcus Avenue Lake Success NY 11042  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

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

SEC Mail  
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Section  
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Washington, DC

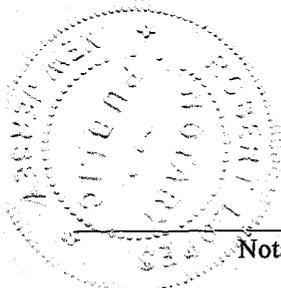
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Michael S. Cardello, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Lightstone Securities, LLC, as of 31 December, 2008, 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: Michael S. Cardello
Vice President & CFO/CCO
Title



ROBERT LOPES
NOTARY PUBLIC
STATE OF NEW JERSEY
MY COMMISSION EXPIRES APRIL 3, 2012

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.

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

**LIGHTSTONE SECURITIES, LLC**

**Financial Statements**

**December 31, 2008**

**LIGHTSTONE SECURITIES, LLC**

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**December 31, 2008**

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**INDEPENDENT AUDITORS' REPORT**

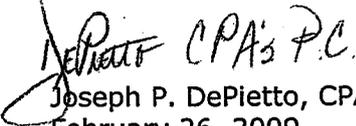
To the Member of  
Lightstone Securities, LLC  
1 International Blvd.  
Mahwah, NJ 07495

We have audited the accompanying statement of financial condition of Lightstone Securities, LLC as of December 31, 2008 and the related statements of income, changes in equity, and cash flows for the period 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 audits.

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 Lightstone Securities, LLC as of December 31, 2008, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information 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 of the Securities and Exchange Commission. 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.

  
Joseph P. DePietto, CPAs, PC  
February 26, 2009

**LIGHTSTONE SECURITIES, LLC**  
**STATEMENT OF FINANCIAL CONDITION**

**December 31, 2008**

**ASSETS**

Current Assets		
Cash	\$ 213,489	
Prepaid expenses	<u>327</u>	
Total Current Assets		213,816
Property, Plant & Equipment (net of accumulated depreciation of \$83,580 )		
		<u>52,003</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 265,819</u></b>

**LIABILITIES AND EQUITY**

Current Liabilities		
Accounts payable	\$ 112,421	
Total Current Liabilities		<u>112,421</u>
Member Equity		
Member equity	65,695	
Member contribution	11,871,657	
Accumulated deficit	<u>(11,783,954)</u>	
Total Member Equity		<u>153,398</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>\$ 265,819</u></b>

## LIGHTSTONE SECURITIES, LLC

## STATEMENT OF INCOME(LOSS)

For the Period Ended December 31, 2008

## Revenues:

Commissions	\$ 1,363,933
Interest income	231
	<hr/>
Total Revenues	1,364,164

## Expenses:

ADP fees	2,080
Commissions	2,875,418
Computer expense	64,370
Depreciation expense	18,104
Dues & subscriptions	36,826
Filing fees	2,380
Insurance	51,269
Internet expense	14,831
Legal & accounting fees	62,613
Office expense	35,060
Outside service	80,466
Payroll expense	1,487,396
Payroll tax expense	184,694
Pension contribution	32,737
Postage & delivery	10,481
Professional fees	35,807
Regulatory expense	39,672
Rent	65,820
Sales & marketing	92,515
Telephone & utilities	61,732
Travel & entertainment	775,048
Total expenses	<hr/>
	6,029,319

Net Loss

\$ (4,665,155)

**LIGHTSTONE SECURITIES, LLC**  
**STATEMENT OF CHANGES IN MEMBER EQUITY**  
**For the Period Ended December 31, 2008**

	<b>Member Equity</b>	<b>Member Contribution</b>	<b>(Accumulated Deficit)</b>	<b>Total</b>
Balances - Beginning of year	\$ 65,695	\$ 7,134,153	\$ (7,118,799)	\$ 81,049
Member contribution		4,737,504		4,737,504
Net Loss			(4,665,155)	(4,665,155)
Balances - at December 31, 2008	<b>\$ 65,695</b>	<b>\$ 11,871,657</b>	<b>\$ (11,783,954)</b>	<b>\$ 153,398</b>

**LIGHTSTONE SECURITIES, LLC**  
**STATEMENT OF CASH FLOWS**  
**For the Period Ended December 31, 2008**

<b>Cash Flows from Operating Activities:</b>	
Net Loss	\$ (4,665,155)
Adjustments to reconcile net income to net cash flows from operating activities:	
Depreciation expense	18,104
Decrease in due to affiliate	11,000
Decrease in prepaid expenses	18,498
Increase in accounts payable	4,681
Decrease in loan payable	<u>(931)</u>
 Net Cash Provided by Operating Activities	 <u>(4,613,803)</u>
<b>Cash Used by Investing Activities:</b>	
Purchase of fixed assets	<u>(28,198)</u>
 Net Cash Used by Investing Activities	 (28,198)
<b>Cash Flows from Financing Activities:</b>	
Member contribution	<u>4,737,504</u>
 Net Cash Provided by Financing Activities	 <u>4,737,504</u>
 <b>Net Increase in Cash</b>	 95,503
<b>Cash - Beginning of year</b>	<u>117,986</u>
<b>Cash - End of Period</b>	<u><u>\$ 213,489</u></u>

**LIGHTSTONE SECURITIES, LLC****COMPUTATION OF NET CAPITAL  
Under SEC Rule 15c3-1****For the Period Ended December 31, 2008****NET CAPITAL**

Equity	\$ 153,398
Deductions and/or charges	
Non-allowable assets:	
Prepaid expenses	327
Property, plant & equipment (net)	52,003
Total non-allowable assets	<u>52,330</u>
Tentative Net Capital	101,068
Haircuts	<u>0</u>
Net Capital (15c3-1)	<u>\$ 101,068</u>

**AGGREGATE INDEBTEDNESS**

Items included in statement of financial condition:

Accounts payable	<u>\$ 112,421</u>
Total indebtedness	<u>\$ 112,421</u>

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

Minimum net capital requirement	<u>\$ 7,495</u>
Excess net capital	<u>\$ 93,573</u>
Ratio: Aggregate indebtedness to net capital	<u>1.12 to 1</u>

**LIGHTSTONE SECURITIES, LLC**

**RECONCILIATION TO NET CAPITAL REQUIREMENT OF ORIGINAL  
FOCUS FILING IN ACCORDANCE TO RULE 17a-5(a),(d)**

**For the Period Ended December 31, 2008**

	<b>Orig. Filing X-17A-5</b>	<b>Per Cert. Financial Report</b>	<b>Recon. in Filing vs Financial</b>
<b>NET CAPITAL</b>			
Equity	\$ 160,971	\$ 153,398	(7,573)
Deductions and/or charges			
Non-allowable assets:			
Prepaid expenses	327	327	-
Property, plant & equipment (net)	62,509	52,003	(10,506)
Total non-allowable assets	<u>62,836</u>	<u>52,330</u>	<u>(10,506)</u>
Tentative Net Capital	98,135	101,068	2,933
Haircuts	<u>0</u>	<u>0</u>	<u>0</u>
Net Capital (15c3-1)	<u>\$ 98,135</u>	<u>\$ 101,068</u>	<u>2,933</u>
<b>AGGREGATE INDEBTEDNESS</b>			
Items included in statement of financial condition:			
Accounts payable	<u>\$ 112,420</u>	<u>\$ 112,421</u>	<u>1</u>
Total indebtedness	<u>\$ 112,420</u>	<u>\$ 112,421</u>	<u>1</u>
<b>COMPUTATION OF BASIC NET CAPITAL REQUIREMENT</b>			
Minimum net capital requirement	<u>\$ 7,494</u>	<u>\$ 7,495</u>	<u>1</u>
Excess net capital	<u>\$ 90,641</u>	<u>\$ 93,573</u>	<u>2,932</u>
Ratio: Aggregate indebtedness to net capital	<u>1.15 to 1</u>	<u>1.12 to 1</u>	

The differences are due to accrual and posting adjustments made at year end 12/31/08

**LIGHTSTONE SECURITIES, LLC**  
**Notes to Financial Statements**  
**December 31, 2008**

**NOTE 1: Nature of Business**

**Organization**

LIGHTSTONE SECURITIES, LLC (The "Company") was formed in the state of New York as a single member limited liability company. The company is a member firm in the Financial Industry Regulatory Authority (FINRA), operates as a broker/dealer and has commenced operations in 2004. The company is licensed in all fifty States, Puerto Rico and the Virgin Islands, and specializes as a managing dealer syndicating structured securities in limited partnerships and other dealer offerings particular to Real Estate Investment Trusts (REIT).

**NOTE 2: Summary of Significant Accounting Policies**

**a) Revenue Recognition**

Revenue is recognized at point of sale.

**b) Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Company considers demand deposited money market funds and U.S. treasury obligations to be cash and cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the organization to concentrations of credit risk consist of cash accounts in financial institutions, which at certain times exceed federally insured limits. At December 31, 2008, the consolidated accounts did not exceed the insured limits.

**c) Income Taxes**

The company operates as a single member limited liability company for tax purposes. All income and losses are reported by the sole member on his or her personal tax return. Therefore, all income taxes are the responsibility of the sole member.

**d) Property and Equipment**

Furniture, fixtures and equipment are carried at cost. Depreciation is provided by using the modified accelerated cost recovery system (MACRS) over an estimated useful life of three to ten years. The method is used for book and tax purposes and does not differ materially from Generally Accepted Accounting Principle (GAAP) depreciation methods.

**LIGHTSTONE SECURITIES, LLC**  
**Notes to Financial Statements**  
**December 31, 2008**

**NOTE 2: Summary of Significant Accounting Policies**

**d) Property and Equipment(continued)**

Maintenance, repairs and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Gains and losses on disposition of property and equipment are included in income.

**e) Use of Estimates in the Preparation of Financial Statements**

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

**NOTE 3: Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) which requires broker dealers to maintain minimum net capital. The ratio of aggregate indebtedness to net capital, shall not exceed 15 to 1 for ongoing concerns. As per page 6, the company's current requirement is \$7,495. At December 31, 2008, the Company had a net capital of \$101,068 which was \$93,573 in excess of its required net capital of \$7,495. The Company's net capital ratio was 1.12 to 1.

**NOTE 4: Concentration of Funds**

The company does not maintain inventory of stocks, bonds or other security positions at risk.

**NOTE 5: Disclosure of Statement of Financial Condition**

A statement indicating that the Statement of Financial Condition of the most recent annual audit report of the broker or dealer pursuant to sec. 240.17a-5 is available for examination at the principal office of the broker or dealer and the regional or district office of the Securities & Exchange Commission for the region or district in which the broker or dealer has its principal place of business.

**LIGHTSTONE SECURITIES, LLC**  
**Notes to Financial Statements**  
**December 31, 2008**

**NOTE 6: Exemption Provisions**

The Company has elected an exemption from Rule 15c3-3 based on section(2)(i), which states "Special Account for the Exclusive Benefit of customers" maintained.

**NOTE 7: Commitment and Contingencies**

Future lease payments on the rental of office space and furniture are as follows:

<u>Year</u>	<u>Rent expense</u>
2009	\$ 65,820
2010	\$ 65,820

The monthly payment of \$5,484.99 represents \$1,343.43 for furniture and \$4,141.66 for rental space. The rent expense at December 31, 2008 was \$ 65,820.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL**

To the Member of  
Lightstone Securities, LLC  
1 International Blvd.  
Mahwah, NJ 07495

In planning and performing our audit of the financial statements of Lightstone Securities, LLC. for the year ended December 31, 2008, we considered its internal control, 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.

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 (including tests of compliance with such practice and procedures) followed by Lightstone Securities, LLC. that we considered relevant to the objectives stated in Rule 17a-5(g)(1) 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 15c-3-3.

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 can be expected to achieve the SEC's above mentioned objectives.

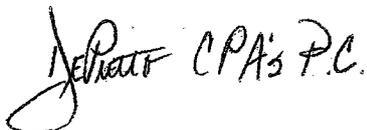
Two of the objectives of an internal control and practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in 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, or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projections 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 the internal control would not necessarily disclose all matters in the 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 specific 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.

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 except for the effect, if any, of the condition indicated in the preceding paragraph, the Company's practices and procedures were adequate at December 31, 2008 to meet the SEC's objectives.

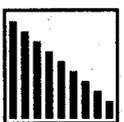
This report is intended solely for the use of management and the Securities and Exchange Commission, the Financial Industry Regulatory Authority, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers/dealers and should not be used by anyone other than these specified parties.

 DePietto CPA's PC.

DePietto CPA's PC

Lake Success, New York  
February 26, 2009





**DEPIETTO CPAS PC**  
ACCOUNTANTS & ADVISORS