

05040296

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

VF3-29-05

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: January 31, 2007  
Estimated average burden  
hours per response . . . 12.00

SEC FILE NUMBER  
8-53489

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

**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 01/01/04 AND ENDING 12/31/04  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

**Vector Securities International, L.L.C.**

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

**1751 Lake Cook Road, Suite 350**

OFFICIAL USE ONLY

FIRM ID. NO.

**Deerfield**

(No. and Street)

**Illinois**

**60015**

(City)

(State)

(Zip Code)

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

**Thomas C. Dorn**

**(847)-374-3805**

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

**Grant Thornton LLP**

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

**175 West Jackson Boulevard**

**Chicago**

**IL**

**60604**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**PROCESSED**

**APR 07 2005**

**THOMSON  
FINANCIAL**

FOR OFFICIAL USE ONLY

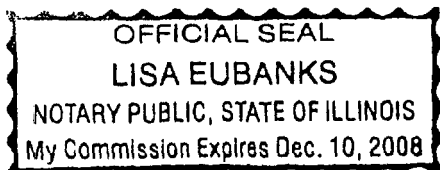
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

Handwritten initials and date: *NT 2/1*

## OATH OR AFFIRMATION

I, Thomas C. Dorn, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Vector Securities International, L.L.C. (the Company), as of December 31, 2004, are true and correct. I further 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:

None



*Thomas Dorn*

Signature

Managing Director and Chief Operating Officer

Title

*Lisa Eubanks*

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 Member's Capital.
- (e) Statement of Cash Flows.
- (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 or 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) Independent Certified Public Accountants' Supplementary Report on Internal Control.
- (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).

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Member  
Vector Securities International, L.L.C.

We have audited the accompanying statement of financial condition of Vector Securities International, L.L.C. as of December 31, 2004, and the related statements of operations, changes in member's capital 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 as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. 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 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, 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 Vector Securities International, L.L.C. as of December 31, 2004, 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 accompanying supplementary 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 Exchange Act of 1934. Such additional 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.

*Grant Thornton LLP*

Chicago, Illinois  
February 4, 2005

175 W. Jackson Blvd.  
20th Floor  
Chicago, IL 60604  
T 312.856.0200  
F 312.565.4719  
W [www.grantthornton.com](http://www.grantthornton.com)

Vector Securities International, L.L.C.  
STATEMENT OF FINANCIAL CONDITION  
December 31, 2004

---

**ASSETS**

<b>CASH AND CASH EQUIVALENTS</b>	\$298,437
<b>ACCOUNTS RECEIVABLE</b>	
Due from affiliates	6,298
Other	<u>22,735</u>
Total accounts receivable	29,033
<b>FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION OF \$30,656</b>	8,175
<b>OTHER ASSETS</b>	<u>66,890</u>
<b>TOTAL ASSETS</b>	<u><u>\$402,535</u></u>

---

**LIABILITIES AND MEMBER'S CAPITAL**

<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 7,104
Due to affiliates	<u>25,841</u>
Total liabilities	32,945
<b>MEMBER'S CAPITAL</b>	<u>369,590</u>
<b>TOTAL LIABILITIES AND MEMBER'S CAPITAL</b>	<u><u>\$402,535</u></u>

The accompanying notes are an integral part of this statement.

**Vector Securities International, L.L.C.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2004**

---

**NOTE A - ORGANIZATION**

Vector Securities International, L.L.C. (the "Company") was organized on July 27, 2001, pursuant to the provisions of the Delaware Act and commenced operations on November 1, 2001. The Company, headquartered in Deerfield, Illinois, is registered as a securities broker-dealer under the Securities Exchange Act of 1934. The Company engages primarily in capital raising and mergers and acquisition services.

The Company is wholly owned by Vector Securities, L.L.C. (the "Parent"), a related entity that acts as a holding company, comprised of private investors who also manage the Company.

If cash flows from operations are insufficient to fund any cash shortfalls necessary for the Company to continue as a going concern, the Parent has the ability and intent to infuse more capital into the Company sufficient for the Company to continue operations.

---

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES**

These financial statements were prepared in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred.

The Company considers all highly liquid investments with a maturity of less than 90 days at the time of purchase to be cash and cash equivalents. Cash and cash equivalents, primarily consisting of money market instruments, are held with one major financial institution.

Depreciation is computed under an accelerated method over the estimated useful lives of the assets, which is not materially different from the straight-line method.

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 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.

---

**NOTE C - COMMITMENTS**

The Company leases office space under a non-cancelable lease agreement that expires December 31, 2005. The future minimum payments under this non-cancelable lease for 2005 are \$234,687.

**NOTE C - COMMITMENTS - Continued**

The Company is under contract to receive \$117,343 from Vector Fund Management, L.P. and \$17,601 from Vector Managed Holdings, L.L.C. over the life of the lease as payment for a portion of the space that they respectively occupy, which is covered under the Company's lease.

The Company had a rent expense, net of rental income, of \$103,544 at December 31, 2004.

---

**NOTE D - RELATED-PARTY TRANSACTIONS**

The Company has a cost-sharing agreement with its Parent and various affiliates. As of December 31, 2004, the Company had \$6,298 in "Due from affiliates," and \$25,841 in "Due to affiliates," which included an amount of \$21,808 the Company owed the Parent in relation to promissory notes due to the Parent and the return of capital due to a partner of the Parent whose employment was terminated on November 30, 2002.

As of December 31, 2004, the Company received approximately \$12,000 in revenue for furniture rental from Vector Fund Management, L.P., a fund manager that shares office space with the Company.

---

**NOTE E - INCOME TAXES**

The Company is not subject to Federal income taxes. Each individual member of the Parent is required to report its distributive share of realized income, gain, loss, deductions or credits on its own income tax return.

---

**NOTE F - NET CAPITAL REQUIREMENT**

As a registered broker-dealer with the Securities and Exchange Commission (the "SEC"), the Company is subject to the SEC's net capital rule (Rule 15c3-1) and is required to maintain "minimum net capital" equal to the greater of \$100,000 or 6-2/3% of "aggregate indebtedness," as these terms are defined. At December 31, 2004, the Company had net capital of \$265,492, which was \$165,492 in excess of the required minimum net capital of \$100,000. The Company's ratio of aggregate indebtedness to net capital was 12. Withdrawals of capital are subject to certain notification and other provisions of the net capital rule of the SEC and other regulatory bodies.