

B15 3/24 \*  
OMB APPROVAL  
OMB Number: 3235-0123  
Expires: January 31, 2007  
Estimated average burden  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

SEC FILE NUMBER  
8 - 53364

FACING PAGE  
Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REC'D S.E.C.  
MAR 1 - 2005  
12/31/04 1086  
-MM/DD/YY

REPORT FOR THE PERIOD BEGINNING 01/01/04 AND ENDING 12/31/04  
MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Forum Capital Securities LLC

OFFICIAL USE ONLY  
FIRM ID. NO.

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

330 Madison Avenue, 9th Floor

(No. and Street)

New York

New York

10017

(City)

(State)

(Zip Code)

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

Jeffrey M. Stern

(212) 290-1765

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

Rothstein, Kass & Company, P.C.

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

85 Livingston Avenue

Roseland

New Jersey

07068

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 23 2005

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THOMSON FINANCIAL

\*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 (06-02)

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3/22/05  
S.S.

OATH OR AFFIRMATION

I, Jeffrey M. Stern, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Forum Capital Securities, L.L.C., as of December 31, 2004, 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

General Securities Principal  
Title

Notary Public

VALERIE CUTRUFELLI  
Notary Public, State Of New York  
No. 01CU6959146  
Qualified In New York County  
Commission Expires May 21, 2007

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 Proprietor's 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) Independent auditor's report on internal accounting control.
- (p) Schedule of segregation requirements and funds in segregation--customers' regulated commodity futures account pursuant to Rule 171-5.

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

**FORUM CAPITAL SECURITIES LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2004**

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# FORUM CAPITAL SECURITIES LLC

## CONTENTS

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### Independent Auditors' Report

1

### Financial Statements

Statement of Financial Condition

2

Notes to Financial Statements

3-4

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## INDEPENDENT AUDITORS' REPORT

To the Member of  
Forum Capital Securities LLC

We have audited the accompanying statement of financial condition of Forum Capital Securities LLC (the "Company") as of December 31, 2004. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Forum Capital Securities LLC as of December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

*Rothstein, Kass & Company, P.C.*

Roseland, New Jersey  
January 28, 2005

# FORUM CAPITAL SECURITIES LLC

## STATEMENT OF FINANCIAL CONDITION

December 31, 2004

### ASSETS

Cash	\$ 17,247
Fees receivable	<u>3,775,000</u>
	<u>\$ 3,792,247</u>

### MEMBER'S EQUITY

\$ 3,792,247

# FORUM CAPITAL SECURITIES LLC

## NOTES TO FINANCIAL STATEMENTS

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### 1. Nature of business

Forum Capital Securities LLC (the "Company"), a wholly-owned entity of FCP Holdings LLC, is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers, Inc. (NASD). The Company's business is primarily comprised of advisory fees for capital raising and private placement services.

### 2. Summary of significant accounting policies

#### *Accounts Receivable*

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. No allowance for doubtful accounts was required at December 31, 2004.

#### *Revenue recognition*

Advisory fees are recognized as earned on a pro rata basis over the term of the related contract. Private placement fees are recorded in accordance with the terms of the private placement agreement.

#### *Income Taxes*

The Company has elected to be treated as a limited liability company under the applicable provisions of the income tax laws. Accordingly, no income taxes are paid by the Company as earnings and losses will flow through directly to the member.

#### *Use of 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 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.

### 3. Net capital requirement

The Company is a member of the NASD, and is subject to the SEC Uniform Net Capital Rule 15c3-1. This Rule requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that equity capital may not be withdrawn if the resulting net capital ratio would exceed 10 to 1. At December 31, 2004, the Company's net capital was approximately \$17,000 which was approximately \$12,000 in excess of its minimum requirement of approximately \$5,000.

### 4. Exemption from Rule 15c3-3

The Company is exempt from the SEC Rule 15c3-3 pursuant to the exemptive provision under sub-paragraph (k)(2)(i) and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers".

# FORUM CAPITAL SECURITIES LLC

## NOTES TO FINANCIAL STATEMENTS

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### 5. Related party transactions

Pursuant to a service agreement, the Company's parent provides various services and other items to the Company. These include professional services, physical premises, utilities, the use of fixed assets, travel, insurance, subscriptions, taxes, personnel and other general and administrative services for which the Company pays its parent. For the year ended December 31, 2004, this payment amounted to \$300,000. In addition, the Company paid the parent \$52,500 as advisory fees.

### 6. Major customer

In September 2003, the Company entered into an advisory agreement (the "Agreement") with a fund management company (the "Fund"), whereby the Company would provide financial advisory services and act as a placement agent for the Fund. Under the provisions of the Agreement, the Company would receive a placement fee equal to 2% of the aggregate principal amount of investments placed with the Fund, which was measured based upon the commitment by investors to invest in the Fund. As of December 31, 2004, the Company has earned a placement fee of \$5,000,000 based upon commitments by investors. An amendment to the Agreement provided for the payment of the placement fee to be paid in quarterly installments of \$562,500 beginning in August 2004 through April 2006, with two final installments of \$200,000 in July 2006 and October 2006. Prior to August 2004, the Company had received advances against the placement fee of \$100,000.

Approximately 98% of the Company's revenues earned in 2004 were earned from the Fund and all of the fees receivable are from the Fund.