

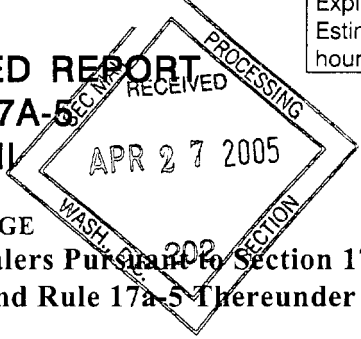


SECURITY 05042606

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



SEC FILE NUMBER  
8-44663

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: Shields Securities Inc

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

WALTHAM Woods Corporate Center  
890 WINTER ST. (No. and Street)  
WALTHAM MA 02451

(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
JANICE L. Shields MANAGING Director 781.890.7033  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Thomas C. Valorie & Company (CPA'S) (Lisa Roche CPA)

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

253 Main St. Milford MA 01757

(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED  
JUN 17 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)

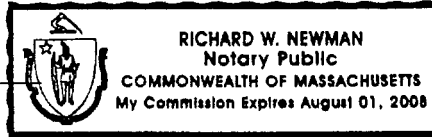
Handwritten initials and date: 1/1/2005

OATH OR AFFIRMATION

I, Thomas J. Shields, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SHIELDS Securities Inc., as of December 31, 2004, 20\_\_\_\_, 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:

Thomas J. Shields  
Signature  
President  
Title

Richard W. Newman  
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 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 15c3-3 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. NA
- (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).

②

*Thomas C. Valorie & Company*

*Certified Public Accountants*

*A Professional Corporation*

*253 Main Street*

*Milford, Massachusetts 01757*

*Tel (508) 478-3000*

*Fax (508) 473-8921*

*Thomas C. Valorie, C.P.A.*

*Lisa A. Roche, C.P.A.*

February 8, 2005

To the Directors of  
Shields Securities, Inc.

We have prepared the following net capital reconciliation for Shields Securities, Inc. as of December 31, 2004 as pursuant to code section 15c3-3 of the Securities Exchange Commission.

Common stock, .01 par; 200,000 shares authorized 10,000 share issued and outstanding	10,000
Retained earnings	14,257
	<hr/>
Subtotal	24,257
Less disallowed assets: Haircuts	(0)
	<hr/>
Net capital reconciled	<u>\$ 24,257</u>

Respectfully submitted,

*Thomas C. Valorie, CPA, P.C.*

Thomas C. Valorie, CPA, P.C.

Retained earnings per Shields Securities, Inc. as of 12/31/04 before audit results.	\$ 15,671
Off-setting adjustments to Owner's Equity from audit results:	<u>(1,414)</u>
Retained earnings as of 12/31/04 after audit results.	14,257
Common Stock	<u>10,000</u>
Subtotal	24,257
Less disallowed assets: Haircuts	<u>(0)</u>
Net capital reconciled	<u><u>\$ 24,257</u></u>

*Thomas C. Valorie & Company*

*Certified Public Accountants*

*A Professional Corporation*

*259 Main Street  
Milford, Massachusetts 01757*

*Tel (508) 478-8000*

*Fax (508) 473-8321*

*Thomas C. Valorie, C.P.A.*

*Lisa A. Roche, C.P.A.*

February 8, 2005

Securities & Exchange Commission  
450 5th Street, NW  
Washington, DC 20459

Ladies and Gentlemen:

(H) Shields Securities, Inc., has no reserve requirements pursuant to Rule 15c3-3.

Respectfully submitted,

*Thomas C. Valorie, CPA, P.C.*

Thomas C. Valorie, CPA, P.C.

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*Thomas C. Valorie & Company*

*Certified Public Accountants*

*A Professional Corporation*

*253 Main Street*

*Millford, Massachusetts 01757*

*Tel (508) 478-3000*

*Fax (508) 473-8391*

*Thomas C. Valorie, C.P.A.*

*Lisa A. Roche, C.P.A.*

February 8, 2005

Shields Securities, Inc.  
890 Winter Street  
Waltham, MA 02451

We have made a study and evaluation of the system of internal accounting control of Shields Securities, Inc. in effect at December 31, 2004. Our study and evaluation was conducted in accordance with standards established by the American Institute of Certified Public Accountants.

The management of Shields Securities, Inc. is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, ~~assurance that assets 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 accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and may not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

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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 irregularities 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. However, we noted no matters involving the internal control structure as of December 31, 2004 or since the previously audited financial statements of December 31, 2003 dated February 5, 2004 that we consider to be material weaknesses as defined above.

Thomas C. Valois, CPA, P.C.