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

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



OMB APPROVAL
 OMB Number: 3235-0123
 Expires: September 30, 1998
 Estimated average burden hours per response . . . 12.00

SEC MAIL
 NOV 04
 WASH. D.C. 180

SEC FILE NUMBER
 8-47891

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 01/01/00 AND ENDING 12/31/00
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

FN: HIGHLAND SECURITIES CORPORATION ~~GRiffin~~ **GRIFIN CAPITAL**

OFFICIAL USE ONLY
FIRM ID. NO.

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

3421 MANHATTAN AVENUE

(No. and Street)

MANHATTAN BEACH, CALIFORNIA 90266

(City)

(State)

(Zip Code)

PROCESSED

NOV 26 2002

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

KEVIN A. SHIELDS

310/546-4548

(Area Code — Telephone No.)

THOMSON
FINANCIAL

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

GREEN HASSON & JANKS LLP

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

10990 WILSHIRE BOULEVARD, 16TH FLOOR; LOS ANGELES, CALIFORNIA 90024

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

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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

KEVIN A. 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 HIGHLAND SECURITIES CORPORATION DBA GRIFFIN CAPITAL, as of DECEMBER 31, 2000, 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:

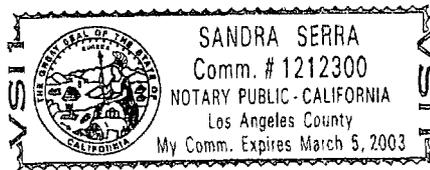


Signature
PRESIDENT

Title



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 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.

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

TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

Name (If individual, state last, first, middle name)

GREEN HASSON & JANKS LLP

70

ADDRESS Number and Street City State Zip Code

10990 WILSHIRE BOULEVARD, 16TH FLOOR; LOS ANGELES, CALIFORNIA 90024

71

72

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Check One

Certified Public Accountant

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Public Accountant

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Accountant not resident in United States or any of its possessions

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WORK LOCATION	REPORT DATE MM/DD/YY	DOC. SEQ. NO.	CARD				
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**HIGHLAND SECURITIES CORPORATION
dba GRIFFIN CAPITAL**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2000

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GREEN HASSON & JANKS LLP

BUSINESS ADVISORS AND CPAs

INDEPENDENT AUDITORS' REPORT

Board of Directors
Highland Securities Corporation
dba Griffin Capital



We have audited the accompanying statement of financial condition of Highland Securities Corporation dba Griffin Capital, as of December 31, 2000, and the related statements of operations, changes in stockholder'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 Highland Securities Corporation dba Griffin Capital, as of December 31, 2000, 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.

Green Hasson & Janks LLP

February 6, 2001
Los Angeles, California

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10990 Wilshire Boulevard | Sixteenth Floor | Los Angeles, California 90024-3929

TEL (310) 873-1600 | FAX (310) 873-6600 | www.ghjadvisors.com

HIGHLAND SECURITIES CORPORATION
dba GRIFFIN CAPITAL

STATEMENT OF FINANCIAL CONDITION
December 31, 2000

ASSETS

Cash	\$	17,382
Marketable Securities		12,154
Property and Equipment (Net)		467
Investment in Limited Liability Company		600
Deferred Tax Assets		<u>13,000</u>
TOTAL ASSETS	\$	<u>43,603</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES	\$	--
STOCKHOLDER'S EQUITY		
Common Stock – No Par Value, 5,000 Shares Authorized, Issued and Outstanding	\$	5,000
Additional Paid-In Capital		123,076
Accumulated Deficit		<u>(84,473)</u>
TOTAL STOCKHOLDER'S EQUITY		<u>43,603</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$	<u>43,603</u>

The Accompanying Notes are an Integral Part of These Financial Statements

HIGHLAND SECURITIES CORPORATION
dba GRIFFIN CAPITAL

STATEMENT OF OPERATIONS
Year Ended December 31, 2000

REVENUES		\$	--
EXPENSES:			
Bank Charges	\$		60
Depreciation			628
Dues and Subscriptions			424
Insurance - Liability			583
Professional Fees			700
Taxes and Licenses			<u>106</u>
TOTAL EXPENSES			<u>2,501</u>
LOSS FROM OPERATIONS			2,501
OTHER (INCOME) EXPENSE:			
Interest Income		(1,333)	
Investment Loss			<u>14,923</u>
TOTAL OTHER (INCOME) EXPENSE			<u>13,590</u>
LOSS BEFORE PROVISION FOR INCOME TAXES			16,091
Provision for Income Taxes			<u>800</u>
NET LOSS		<u>\$</u>	<u>16,891</u>

The Accompanying Notes are an Integral Part of These Financial Statements

HIGHLAND SECURITIES CORPORATION
dba GRIFFIN CAPITAL

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
Year Ended December 31, 2000

	<u>Common Stock</u>		Additional Paid-In Capital	Accumulated Deficit	Stockholder's Equity
	Number of Shares	Amount			
Balance at January 1, 2000	5,000	\$ 5,000	\$ 123,076	\$ (67,582)	\$ 60,494
Net Loss	--	--	--	(16,891)	(16,891)
<i>BALANCE AT DECEMBER 31, 2000</i>	<i>5,000</i>	<i>\$ 5,000</i>	<i>\$ 123,076</i>	<i>\$ (84,473)</i>	<i>\$ 43,603</i>

The Accompanying Notes are an Integral Part of These Financial Statements

HIGHLAND SECURITIES CORPORATION
dba GRIFFIN CAPITAL

NOTES TO FINANCIAL STATEMENTS
December 31, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) NATURE OF BUSINESS

Highland Securities Corporation dba Griffin Capital, (the company) is primarily engaged in the business of brokering private placements of debt and equity financing on leased assets. The company was incorporated on June 26, 1991.

The company operates under the provisions of Paragraph (k)(2)(i) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that Rule. Essentially, the requirements of Paragraph (k)(2)(i) provide that the company carry no margin accounts; promptly transmit all customer funds and deliver all securities received in connection with their activities as a broker or dealer; does not otherwise hold funds or securities for, or owe money or securities to customers; and effectuates all financial transactions between the company and its customers through one or more bank accounts, each to be designated as "special account for the exclusive benefit of customers." The company is exempt since they do not hold or ever receive customer funds or securities.

(b) MANAGEMENT'S USE OF ESTIMATES

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those 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 were used.

(c) CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the company considers all highly liquid debt instruments purchased with maturity dates of three months or less to be cash equivalents.

(d) MARKETABLE SECURITIES

Marketable securities are valued at fair value.

(e) PROPERTY AND EQUIPMENT

Property and equipment is stated at cost net of accumulated depreciation. Depreciation is recognized using the straight-line method over estimated useful lives as follows:

Computer Equipment	5 Years
Office Equipment	5 Years

HIGHLAND SECURITIES CORPORATION
dba GRIFFIN CAPITAL

NOTES TO FINANCIAL STATEMENTS
December 31, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) **REVENUE AND EXPENSE RECOGNITION**

Revenue related to the brokering of private placements is recognized when the services are completed. In most cases, this would be at the closing of the transaction. Expenses related to an individual private placement are capitalized and recognized as a cost of the transaction upon recognition of the related revenue. Expenses related to transactions which are abandoned are recognized at the date of abandonment.

(g) **INCOME TAXES**

Income taxes are provided based on income reported in the financial statements adjusted for transactions that do not enter into the computation of income taxes payable.

Deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

NOTE 2 - MARKETABLE SECURITIES

The company's investment in marketable securities consists primarily of equity securities.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Computer Equipment	\$ 8,327
Office Equipment	<u>1,653</u>
TOTAL	9,980
Less: Accumulated Depreciation	<u>9,513</u>
NET PROPERTY AND EQUIPMENT	<u><u>\$ 467</u></u>

Depreciation expense for the year ended December 31, 2000 amounted to \$628.

HIGHLAND SECURITIES CORPORATION
dba GRIFFIN CAPITAL

NOTES TO FINANCIAL STATEMENTS
December 31, 2000

NOTE 4 - INCOME TAXES

The provision for income taxes consists of the following:

Current – State	<u>\$ 800</u>
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Deferred income taxes consist of the following:

DEFERRED TAX ASSETS:

Net Operating Loss Carryforwards	\$ 14,000
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DEFERRED TAX LIABILITIES:

State Income Taxes	<u>(1,000)</u>
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<i>NET DEFERRED TAX ASSETS</i>	<u>\$ 13,000</u>
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As of December 31, 2000, the company has net operating loss carryforwards for federal income tax purposes of approximately \$48,000 which will expire in years 2015 through 2020. As of December 31, 2000, the company has net operating loss carryforwards for state franchise tax purposes of approximately \$12,300 which will expire in years 2001 through 2005.

NOTE 5 - NET CAPITAL REQUIREMENTS

The company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2000, the company had net capital of \$27,774 which is \$22,774 in excess of its required net capital of \$5,000.

HIGHLAND SECURITIES CORPORATION
dba GRIFFIN CAPITAL

SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2000



GREEN HASSON & JANKS LLP

BUSINESS ADVISORS AND CPAs

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION REQUIRED BY
RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION**

Board of Directors
Highland Securities Corporation
dba Griffin Capital

We have audited the accompanying financial statements of Highland Securities Corporation dba Griffin Capital, as of and for the year ended December 31, 2000, and have issued our report thereon dated February 6, 2001. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on the following pages is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplemental information required by Rule 15c3-1 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.

Green Hasson & Janks LLP

February 6, 2001, except for Schedule II
as to which the date is March 19, 2002
Los Angeles, California

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HIGHLAND SECURITIES CORPORATION
dba GRIFFIN CAPITAL

SCHEDULE I
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
As of December 31, 2000

NET CAPITAL:

Total Stockholder's Equity	\$ 43,603
Less: Reductions for Nonallowable Assets	
Deferred Income Taxes	(13,000)
Property and Equipment	<u>(467)</u>
TOTAL REDUCTIONS	<u>(13,467)</u>
NET CAPITAL BEFORE HAIRCUTS ON SECURITY POSITIONS	30,136
Less: Haircuts on Security Positions	
Other Securities	<u>(2,362)</u>
NET CAPITAL	<u>\$ 27,774</u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:	
Minimum Net Capital Required	<u>\$ 5,000</u>
Excess Net Capital	<u>\$ 22,774</u>
Excess Net Capital at 1500%	<u>\$ 22,774</u>
Excess Net Capital at 1000%	<u>\$ 22,774</u>
Ratio: Aggregate Indebtedness to Net Capital	<u>--</u>

**HIGHLAND SECURITIES CORPORATION
dba GRIFFIN CAPITAL**

**SCHEDULE II
RECONCILIATION OF THE COMPANY'S COMPUTATION
OF NET CAPITAL TO AMOUNTS REPORTED IN
PART II OF FORM X-17A-5
As of December 31, 2000**

No reconciliation of the company's computation of net capital to amounts reported in Part II of Form X-17A-5 is provided as there was no difference between the reported amount and the amount per these audited financial statements.

**HIGHLAND SECURITIES CORPORATION
dba GRIFFIN CAPITAL**

**SCHEDULE III
COMPUTATION FOR DETERMINATION OF RESERVE
REQUIREMENTS UNDER RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION
As of December 31, 2000**

Exemption is claimed under Section (k)(1) of Rule 15c3-3.

**SCHEDULE IV
INFORMATION RELATING TO POSSESSION OR CONTROL
REQUIREMENTS UNDER RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION
As of December 31, 2000**

Exemption is claimed under Section (k)(1) of Rule 15c3-3.



GREEN HASSON & JANKS LLP

BUSINESS ADVISORS AND CPAs

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

Board of Directors
Highland Securities Corporation
dba Griffin Capital

In planning and performing our audit of the financial statements and supplemental schedules of Highland Securities Corporation dba Griffin Capital, (the company) for the year ended December 31, 2000, 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 (SEC), we have made a study of the practices and procedures followed by the company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), (1) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. Recordation of differences required by Rule 17a-13.
3. Complying with the requirements for prompt payment of securities under Section 8 of the Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

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 SEC'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 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.

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Board of Directors
Highland Securities Corporation
dba Griffin Capital
Page Two

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities 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.

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, 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 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 the company's practices and procedures were adequate at December 31, 2000 to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, 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 should not be used for any other purpose.

Green Hasson & Janks LLP

February 6, 2001
Los Angeles, California