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

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

AA 3/3/03

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

SEC FILE NUMBER

8-51217

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 01/01/02 AND ENDING 12/31/02 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

STANDARD CAPITAL GROUP, INC.

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

11111 SANTA MONICA BLVD. #1400

(No. and Street)

LOS ANGELES

CA

90025-3348

(City)

(State)

(Zip Code)

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

KATHY OH

(310) 473-2222

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

REE & KIM, CPA'S

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

3700 WILSHIRE BLVD. #700

LOS ANGELES

CA

90010

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 21 2003

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).

OATH OR AFFIRMATION

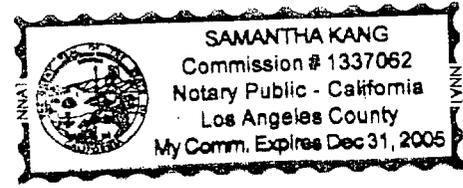
I, ALBERT Y. REE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of STANDARD CAPITAL GROUP, INC.

DECEMBER 31, 2002, 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:

Albert Y. Ree
Signature

CPA
Title

Samantha Kang
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. Statement of Cash Flows.
- (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).

STANDARD CAPITAL GROUP, INC.
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2002

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REE & KIM

Certified Public Accountants

HOWARD Y. REE, CPA

PAMELA LEE, CPA

ALBERT REE, CPA

3700 WILSHIRE BLVD. SUITE 700
LOS ANGELES, CA 90010
TEL (213) 386-1875 • FAX (213) 383-2515

Independent Auditor's Report

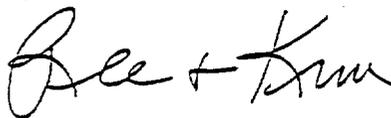
Board of Directors
Standard Capital Group, Inc.:

We have audited the accompanying statement of financial condition of Standard Capital Group, Inc. as of December 31, 2002, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. 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 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 Standard Capital Group, Inc. at December 31, 2002, 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 basic financial statements taken as a whole. The information contained in Schedule I 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 under the Securities Exchange Act of 1934. 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.

A handwritten signature in cursive script, appearing to read "Bee + Kim".

Los Angeles, CA
February 19, 2003

STANDARD CAPITAL GROUP, INC.
STATEMENT OF FINANCIAL CONDITION
December 31, 2002

ASSETS

Current Assets

Cash on hand and in banks	\$ 41,202	
Accounts receivable (Note 3)	54,847	
Prepaid expenses (Note 4)	<u>800</u>	
 <u>Total Current Assets</u>		 \$ 96,849

Fixed Assets, At Cost

Furniture and fixtures (Note 5)	310,009	
Leasehold improvements (Note 5)	322,180	
Machinery and equipment (Note 5)	74,513	
Less: accumulated depreciation (Note 5)	<u>(237,983)</u>	
		468,719

Other Assets

Security deposit (Note 6)	111,302	
Impounds (Note 7)	<u>9</u>	
 <u>Total Other Assets</u>		 111,311

<u>Total Assets</u>		<u>\$ 676,879</u> =====
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Payroll taxes payable	\$ 8	
 <u>Total Current Liabilities</u>		 \$ 8

Stockholders' Equity

Common stock	2	
Additional paid-in capital	825,775	
Retained earnings	<u>(148,906)</u>	
 <u>Total Stockholders' Equity</u>		 <u>676,871</u>
 <u>Total Liabilities and Stockholders' Equity</u>		 \$ 676,879 =====

The accompanying notes are an integral part of this statement.

STANDARD CAPITAL GROUP, INC.
STATEMENT OF INCOME AND EXPENSE
For the year ended December 31, 2002

INCOME:

Monthly retainer		\$	245,000
Reimbursement			21,651
Retainer			<u>125,000</u>
			391,651
GENERAL AND ADMINISTRATIVE EXPENSES			<u>870,853</u>
OPERATING LOSS			(479,202)
OTHER INCOME			417
INTEREST INCOME			<u>1,753</u>
NET LOSS BEFORE TAXES			(477,032)
PROVISION FOR INCOME TAXES			<u>800</u>
NET LOSS			\$ (477,832) =====

The accompanying notes are an integral part of this statement.

STANDARD CAPITAL GROUP, INC.
SUPPLEMENTAL EXPENSE SCHEDULE
For the year ended December 31, 2002

GENERAL AND ADMINISTRATIVE EXPENSES:

Bad debt	\$ 14,291
Depreciation	94,142
Dues and subscriptions	402
Insurance	48,360
Interest	47
Commissions	26,500
Legal and accounting	175,120
Office expense and supplies	3,203
Postage and delivery	4,412
Rent	234,728
Repairs and maintenance	2,177
Taxes and license	5,941
Payroll taxes	9,404
Telephone	26,861
Meals and entertainment	8,188
Travel	954
Utilities	505
Wages	112,500
Parking	28,500
Equipment rental	49,879
Research	1,500
Copy service	487
Nasdaq registration fees	2,376
Outside service	2,229
Donation	1,100
Notary public	65
Broker-dealer expense	11,919
Other expenses	<u>5,063</u>
	\$ 870,853
	=====

The accompanying notes are an integral part of this statement.

STANDARD CAPITAL GROUP, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For The Year Ended December 31, 2002

Balance at January 1, 2002	\$ 726,703
Add:	
Additional paid-in capital	428,000
Deduct:	
Net loss for the year	<u>(477,832)</u>
Balance at December 31, 2002	\$ 676,871 =====

The accompanying notes are an integral part of this statement.

STANDARD CAPITAL GROUP, INC.
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2002

Cash flows from operating activities:

Net Loss \$ (477,832)

Adjustments to reconcile net loss to cash used
by operating activities:

Depreciation	94,142
Increase in accounts receivable	(36,886)
Decrease in prepaid expenses	6,700
Decrease in security deposit	20,209
Decrease in impound	3,659
Decrease in payroll taxes payable	<u>(3,660)</u>

Net cash used by operating activities (393,668)

Cash flows from investing activities:

Purchase of equipment, leasehold improvements \$ (410)

Net cash used in investing activities (410)

Cash flows from financing activities:

Additional paid-in capital 428,000

Net cash provided by financing activities 428,000

Net increase in cash 33,922

Cash at beginning of the year 7,280

Cash at end of the year \$ 41,202
=====

The accompanying notes are an integral part of this statement.

STANDARD CAPITAL GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

Note 1 Nature of business

Standard Capital Group, Inc. is a specialty investment banking firm located in Los Angeles. The firm's primary source of revenue is providing investment banking services to middle-market growth companies. There was no revenue generated from broker-dealer activities in 2002.

Note 2 Significant accounting policies

The company operates as an S corporation under the provisions of the Internal Revenue Code, and as such does not recognize federal income taxes on the corporate level. The preparation of financial statements in conformity with generally accepted accounting principles require 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 3 Accounts receivable

Total accounts receivable of \$69,138 shown net of allowance for doubtful accounts of \$14,291. Management believes following accounts to be uncollectible:

Steakhouse	\$	1,999
Redwood		6,164
Korea Times		<u>6,128</u>
	\$	14,291

Note 4 Prepaid expense

Balance of prepaid expense consists of prepaid state franchise taxes.

STANDARD CAPITAL GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

Note 5 Depreciation

Depreciation on fixed assets have been computed on the basis of the following methods and useful lives:

	<u>Method</u>	<u>Useful life</u>
Furniture and fixtures	200% declining balance	7 years
Office equipment	200% declining balance	5 years
Leasehold improvements	straight-line	39 years

Note 6 Security deposit

Security deposits are held by the following:

\$ 106,302-The Irvine Company (lease of office space)

5,000-Security Service Network (clearing service deposit)
\$ 111,302

Note 6 Impounds

Balance of impounds is comprised of federal and state payroll taxes payable as of December 31, 2002. The account is managed by ADP.

Note 7 Net capital requirements

The company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC 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 (8 to 1 for first year dealer-brokers.) At December 31, 2002, the Company had net capital of \$41,194, which was \$36,194 in excess of its required net capital of \$5,000.

STANDARD CAPITAL GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

Note 8 Legal proceedings

The Company received a letter on November 3, 1999 threatening a suit on behalf of Le Bleu Corporation in connection with certain services performed by the Company for Le Bleu. On February 11, 2000, Le Bleu filed an action against the Company for breach of contract in regards to certain investment banking services it claims were not provided. This action was filed in the United States District Court for the Middle District of North Carolina.

The Company filed a motion to dismiss the action on March 22, 2000 on the basis that the court lacked personal jurisdiction over the Company. The motion to dismiss was granted by the United States District Court for the Central District of California on October 5, 2000. The ruling has subsequently been appealed by Le Bleu but was upheld in court in June of 2001. Le Bleu has stated they intend to renew action in California but has not done so. The Company believes it has substantial defenses to the claims and intends to defend the matter vigorously. To date, Le Bleu has not filed suit in California.

REE & KIM

Certified Public Accountants

HOWARD Y. REE, CPA

PAMELA LEE, CPA

ALBERT REE, CPA

3700 WILSHIRE BLVD. SUITE 700
LOS ANGELES, CA 90010
TEL (213) 386-1875 • FAX (213) 383-2515

Independent Auditor's Report on the Internal Control Structure

Board of Directors
Standard Capital Group, Inc.:

In planning and performing our audit of the financial statements and supplemental schedules of Standard Capital Group, Inc. for the year ended December 31, 2002, we considered its internal control, including control activities 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 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 followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) 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 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 for securities under Section 8 of 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 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 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 internal control 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 the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

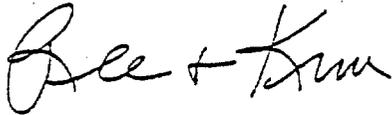
Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in 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. However, we noted no matters involving internal control, including control activities 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, 2002, to meet the SEC's objectives.

This report is intended solely for the information and 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 is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Rice + Kim".

Los Angeles, California
February 19, 2003

EXEMPTIVE PROVISIONS

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based

- A. (k) (1)—Limited business (mutual funds and/or variable annuities only) [4550]
- B. (k) (2)(i)—"Special Account for the Exclusive Benefit of customers" maintained [4560]
- C. (k) (2)(ii)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm(s) [4570]

Clearing Firm SEC#s	Name	Product Code
8- 29980 [4335A]	SECURITIES SERVICE NETWORK, IN [4335A2]	All [4335B]
8- [4335C]	_____ [4335C2]	_____ [4335D]
8- [4335E]	_____ [4335E2]	_____ [4335F]
8- [4335G]	_____ [4335G2]	_____ [4335H]
8- [4335I]	_____ [4335I2]	_____ [4335J]

- D. (k) (3)—Exempted by order of the Commission [4580]

COMPUTATION OF NET CAPITAL

1.	Total ownership equity from Statement of Financial Condition		676,871
			<u>[3480]</u>
2.	Deduct ownership equity not allowable for Net Capital		
			<u>[3490]</u>
3.	Total ownership equity qualified for Net Capital		676,871
			<u>[3500]</u>
4.	Add:		
	A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		<u>0</u>
			[3520]
	B. Other (deductions) or allowable credits (List)		
		<u>[3525A]</u>	<u>[3525B]</u>
		<u>[3525C]</u>	<u>[3525D]</u>
		<u>[3525E]</u>	<u>[3525F]</u>
5.	Total capital and allowable subordinated liabilities		676,871
			<u>0</u>
			[3525]
			<u>[3530]</u>
6.	Deductions and/or charges:		
	A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	635,677	
			<u>[3540]</u>
	B. Secured demand note deficiency		<u>[3590]</u>
	C. Commodity futures contracts and spot commodities - proprietary capital charges		<u>[3600]</u>
	D. Other deductions and/or charges		<u>-635,677</u>
		<u>[3610]</u>	[3620]
7.	Other additions and/or credits (List)		
		<u>[3630A]</u>	<u>[3630B]</u>
		<u>[3630C]</u>	<u>[3630D]</u>
		<u>[3630E]</u>	<u>[3630F]</u>
8.	Net capital before haircuts on securities positions		41,194
			<u>0</u>
			[3630]
			<u>[3640]</u>
9.	Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):		
	A. Contractual securities commitments		<u>[3660]</u>

Reconciliation with Standard Capital's computation (included in Part II of Form X-17A-5 as of December 31, 2002):

Net capital, as reported in Company's Part II (unaudited) FOCUS report	\$ 41,168
Audit adjustments (net)	<u>26</u>
Net capital per audit	\$ 41,194