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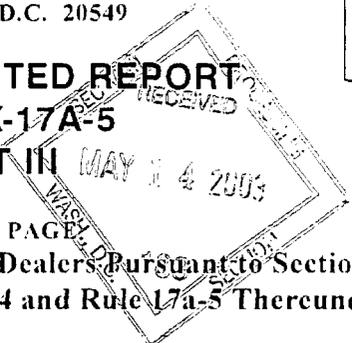


UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

VF 5-15-03

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



SEC FILE NUMBER
8-46766

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 01/01/2002 AND ENDING 12/31/2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: United Global Securities, Inc.

OFFICIAL USE ONLY
<u>35331</u>
FIRM I.D. NO.

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

United Global Securities, Inc.

One Sugar Creek Center Blvd. Suite 1010 Sugarland, Texas 77478
(City) (No. and Street) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Richard Blair (281) 313-6166
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Edwards, Lincoln & Co., P.C.

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

1345 Campbell Rd. Suite 210 Houston Texas 77055
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED
MAY 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, Richard D. Blair, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of United Global Securities, Inc. as of 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:

[Handwritten Signature]

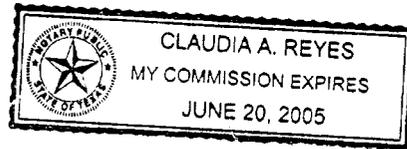
Signature

Richard D. Blair President

Title

[Handwritten Signature: Claudia Reyes]

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 Cash Flows.
(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. (2)
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3. (2)
(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. (2)
(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. (4)
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
x (o) Accountant's Report on Internal Controls

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

- (1) No subordinated liabilities. See note to financial statements.
(2) Exempt under K (2) i - See note to financial statements.
(3) N/A
(4) See note to financial statements.
(5) Combined with (o)

UNITED GLOBAL SECURITIES, INC.

**Financial Statements
Year Ended December 31, 2002**

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EDWARDS, LINCOLN & CO., P. C.
CERTIFIED PUBLIC ACCOUNTANTS
1345 Campbell Road, Suite 210
Houston, Texas 77055
Phone: (713) 827-0111 Fax: (713) 827-8764

Board of Directors
United Global Securities, Inc.

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of financial condition of United Global Securities, Inc. as of December 31, 2002, and the related statements of income, 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 United Global Securities, Inc. at December 31, 2002, 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.

Edwards, Lincoln & Co., P.C.

Edwards, Lincoln & Co., P.C.
Houston, Texas
February 7, 2003

UNITED GLOBAL SECURITIES, INC.

Statement of Financial Condition

December 31, 2002

ASSETS

Cash and equivalents	\$	137,585
Commissions receivable (no allowance required)		29,062
Marketable securities, at fair market value		30,217
Furniture and equipment, at cost		222,052
Accumulated depreciation		(96,897)
Stockholder note receivable		59,981
Investment in stock		3,300
Other assets		<u>8,530</u>
	\$	<u>393,830</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities		
Accounts payable	\$	24,611
Installment note payable		60,972
Accrued expenses		<u>36,344</u>
Total Liabilities		<u>121,927</u>
Stockholder's Equity		
Common stock, no par value; authorized 2,000 shares; issued and outstanding 2,000 shares		2,000
Additional paid-in capital		47,668
Retained earnings		<u>222,235</u>
Total Stockholder's Equity		<u>271,903</u>
	\$	<u>393,830</u>

The accompanying notes are an integral part of these financial statements.

UNITED GLOBAL SECURITIES, INC.

Statement of Income

For the Year Ended December 31, 2002

Revenue	\$ 941,380
Expenses	
Salaries	351,426
General and administrative expenses	454,030
Depreciation expense	<u>22,991</u>
	<u>828,447</u>
Net income from operations	112,933
Other income and (expenses)	<u>(6,880)</u>
Net Income	<u><u>\$ 106,053</u></u>

The accompanying notes are an integral part of these financial statements.

UNITED GLOBAL SECURITIES, INC.
Statement of Changes in Stockholder's Equity
For the Year Ended December 31, 2002

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In Capital</u>	<u>Earnings</u>	
Balance, Beginning of Year	2,000	\$2,000	\$ 47,668	\$ 189,411	\$ 239,079
Capital contributed					
Distribution				(73,229)	(73,229)
Net Income				106,053	106,053
Balance, End of Year	<u>2,000</u>	<u>\$2,000</u>	<u>\$ 47,668</u>	<u>\$ 222,235</u>	<u>\$ 271,903</u>

The accompanying notes are an integral part of these financial statements.

UNITED GLOBAL SECURITIES, INC.

Statement of Cash Flows

For the Year Ended December 31, 2002

Cash Flows From Operating Activities	
Net Income	\$ 106,053
Adjustments to Reconcile Net Income to Net Cash	
Provided by Operating Activities:	
Loss on marketable securities	9,627
Bad debt expense	10,160
Depreciation	22,991
Increase in commissions receivable	(7,701)
Increase in accounts payable	21,884
Decrease in bank overdraft	(20,748)
Decrease in accrued expenses	<u>(12,738)</u>
Net Cash Provided by Operating Activities	<u>129,528</u>
Cash Flows From Investing Activities	
Purchases of investment securities	(74)
Purchase of property and equipment	(88,880)
Issuance of stockholder note receivable	(81,367)
Payment on stockholder note receivable	<u>21,386</u>
Net Cash Used in Investing Activities	<u>(148,935)</u>
Cash Flows From Financing Activities	
Proceeds from installment note payable	60,972
Distributions	<u>(73,229)</u>
Net Cash Used by Financing Activities	<u>(12,257)</u>
Net Increase in Cash and Equivalents	(31,664)
Cash and Equivalents, Beginning of Year	<u>169,249</u>
Cash and Equivalents, End of Year	<u>\$ 137,585</u>
Interest Paid	<u>\$ 0</u>
Taxes Paid	<u>\$ 0</u>

The accompanying notes are an integral part of these financial statements.

UNITED GLOBAL SECURITIES, INC.

Notes to Financial Statements

December 31, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Industry Operations

United Global Securities, Inc. is registered as a broker or dealer under section 15(b) of the Securities and Exchange Act of 1934. The Company was incorporated on October 14, 1993. On November 19, 1993, it was granted registration by the Securities and Exchange Commission.

Cash and Equivalents

The Company considers highly liquid investments with original maturities of three months or less to be cash equivalents.

Revenue Recognition

Commissions are earned at the time the Company receives advices from third parties responsible for payment of the commissions and are recognized as of the date of the advice.

Property and Equipment

The Company's policy is to depreciate property and equipment over the estimated useful lives of the assets using the Modified Accelerated Cost Recovery System (MACRS) method. Use of the MACRS method for financial reporting does not produce results materially different from generally accepted depreciation methods.

<u>Classification</u>	<u>Estimated Useful Life - Years</u>
Furniture & fixtures	7
Office equipment	5

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. The more significant areas requiring the use of management estimates relate to fair value of financial instruments and useful lives for depreciation. Accordingly, actual results could differ from those estimated.

Income Taxes

The Company has elected to be taxed as an S corporation, whereby all federal income tax attributes flow to the individual stockholders.

UNITED GLOBAL SECURITIES, INC.

Notes to Financial Statements

December 31, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

Marketable Securities

Marketable securities are classified as trading securities and are carried at market. Differences between cost and market are recognized in income in the current year. The specific identification method is used to compute realized gain or loss.

Financial Instruments and Credit Risk Concentration

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash equivalents and commissions receivable. The Company maintains its cash equivalents in high quality securities placed with various major financial institutions. The Company policy is designed to limit exposure with any one institution. Concentrations of credit risk with respect to commissions receivable is generally diversified due to the large number of financial institutions and their dispersion across geographic areas.

NOTE 2 - MARKETABLE SECURITIES

Marketable securities consist of mutual funds which are held for trading and recorded at their quoted market values. The average cost method is used to determine cost of securities.

Trading securities and holding gains and losses are as follows:

<u>Cost</u>	<u>Market</u>	<u>Holding</u>		<u>Realized</u>	
		<u>Gains</u>	<u>Losses</u>	<u>Gains</u>	<u>Losses</u>
\$46,363	\$30,217	\$ 114	\$ 9,739	\$ -	\$ -

The decrease in net unrealized holding gains and losses for the year ended December 31, 2002 resulted in the inclusion of \$9,625 of losses in earnings for the current year.

NOTE 3 - FURNITURE AND EQUIPMENT

At December 31, 2002, furniture and equipment consists of the following:

Furniture	\$ 108,295
Office equipment	52,785
Vehicle	<u>60,972</u>
	<u>\$ 222,052</u>

UNITED GLOBAL SECURITIES, INC.

Notes to Financial Statements

December 31, 2002

NOTE 4 – INSTALLMENT NOTE PAYABLE

The installment note payable of \$60,972 is dated December 21, 2002; is payable in 60 monthly payments of \$1,207 including interest, at 6.99% per annum and is secured by an auto with a carrying value of \$59,957.

Five year maturities on long-term debt are as follows:

2003	\$ 10,556
2004	11,318
2005	12,135
2006	13,011
2007	<u>13,952</u>
	<u>\$ 60,972</u>

NOTE 5 - COMMON STOCK

The Company is authorized to issue 2,000 shares of no par value common stock. Each share of common stock is entitled to one vote. Of the 2,000 shares authorized, there are 2,000 shares issued and outstanding.

NOTE 6 - OPERATING LEASES

On December 2, 2001, the Company entered into a rental agreement beginning February 1, 2002, for office space located in Sugar Land, Texas. The term of this lease is 60 months with \$3,907 monthly rent for the first 24 months, escalating to \$4,297 per month thereafter, until the end of the lease.

Total rental expense for all operating leases, except those with terms of one month or less that were not renewed, amounted to \$62,373 for the year ended December 31, 2002.

Future minimum rental payments required under the operating leases are as follows:

Year Ending December 31,

2003	\$ 72,114
2004	62,538
2005	53,349
2006	51,564
2007	<u>4,297</u>

Total minimum payments required \$243,862

NOTE 7 - EMPLOYEE BENEFIT PLAN

The Company has a money purchase retirement plan covering employees with two years of service. A minimum of 10% of compensation of eligible employees must be contributed to the Plan. The plan expense as of December 31, 2002 was \$45,000.

UNITED GLOBAL SECURITIES, INC.

Notes to Financial Statements

December 31, 2002

NOTE 8 - RELATED PARTY TRANSACTIONS

The Company holds an \$82,000 note receivable line of credit dated September 11, 2002. The note bears interest at 6.5%, to be repaid in one year. The stockholder originally borrowed a maximum of \$81,367. At December 31, 2002, the stockholder has repaid \$21,386 and the current balance is \$59,981.

NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values for financial instruments under SFAS No. 107 are determined at discrete points in time based on relevant market information. The estimated fair values of the Company's financial instruments as of December 31, 2002, are as follows:

	<u>Carrying Value</u>	<u>Fair Value</u>
Stockholder note receivable	\$ 59,981	\$ 59,981
Installment note payable	60,972	59,957

The carrying value of the stockholder note receivable approximates fair value due to the short maturity of this instrument. The fair value of the installment note payable is estimated based upon the carrying value of the collateral. The carrying value of commissions receivable and accounts payable and accrued expense approximate fair value due to the short maturity of those instruments.

NOTE 10 - SUBORDINATED LIABILITIES

There were no liabilities subordinated to claims of general creditors at any time during the year.

NOTE 11 - NET CAPITAL REQUIREMENTS

The Company is subject to the net capital rules adopted and administered by the Securities and Exchange Commission. The rules prohibit a member from engaging in securities transactions if the ratio of its aggregate indebtedness to net capital, both as defined, exceeds 15 to 1. Retained earnings may be restricted as to payment of dividends if this ratio exceeds 10 to 1. At December 31, 2002, the net capital ratio of the Company was 1.755 to 1. Its net capital of \$69,465 was \$61,332 in excess of its required net capital of \$8,133.

UNITED GLOBAL SECURITIES, INC.

Notes to Financial Statements

December 31, 2002

NOTE 12 - OMISSION OF CERTAIN REPORTS

A computation for determination of reserve requirements pursuant to Rule 15c3-3 and specified by Rule 17a-5(d)(3) and information relating to possession or control of securities as specified by Rule 15c3-3 and Rule 17a-5(d)(3) were both omitted and not required inasmuch as the Company operates pursuant to the exemption provisions of SEC Rule 15c3-3(k)(2)(i). The Company does not hold customer funds or securities.

The SIPC supplemental report specified by Rule 17a-5(e)(4) is omitted since the SIPC has suspended assessments based on net operating revenue.

EDWARDS, LINCOLN & CO., P. C.
CERTIFIED PUBLIC ACCOUNTANTS
1345 Campbell Road, Suite 210
Houston, Texas 77055
Phone: (713) 827-0111 Fax: (713) 827-8764

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION
REQUIRED BY RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION

Board of Directors
United Global Securities, Inc.

We have audited the accompanying financial statements of United Global Securities, Inc. as of and for the year ended December 31, 2002, and have issued our report thereon dated February 7, 2003. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Net Capital Computation pursuant to Rule 15c3-1 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 and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the examination 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.

Edwards, Lincoln & Co., P.C.

Edwards, Lincoln & Co., P.C.
Houston, Texas
February 7, 2003

UNITED GLOBAL SECURITIES, INC.

**Net Capital Computation Pursuant to Rule 15c3-1 and
Reconciliation to Amount Reported in
Company's Part IIA (Unaudited) FOCUS Report**

December 31, 2002

Stockholder's Equity	\$ 271,903
Nonallowable Assets:	
Property and equipment	(125,155)
Investment in stock	(3,300)
Other assets	(8,530)
Stockholder note receivable	<u>(59,981)</u>
Net Capital Before Haircuts on Security Positions	74,937
Haircuts on securities and money market	<u>(5,472)</u>
Net Capital	<u>\$ 69,465</u>
Aggregate Indebtedness	<u>\$ 121,927</u>
Computation of Basic Net Capital Requirement	
Minimum net capital required (greater of \$5,000 or 6.67% of aggregate indebtedness)	<u>\$ 8,133</u>
Excess Net Capital	<u>\$ 61,332</u>
Excess Net Capital at 1,000%	<u>\$ 57,272</u>
Ratio: Aggregate Indebtedness to Net Capital	<u>1.755 to 1</u>

UNITED GLOBAL SECURITIES, INC.

**Reconciliation with Company's Computation of Net Capital
(included in Part IIA of Form X-17A-5 as of December 31, 2002)**

Net capital as reported in Company's Part IIA (unaudited) FOCUS Report	\$ 172,200
Audit adjustments increasing aggregate indebtedness	(79,479)
Audit adjustments decreasing allowable assets: Collections of commissions receivable	(28,798)
Differences due to offsetting various asset accounts against related liabilities	490
Audit adjustments increasing nonallowable assets	15,569
Changes in nonallowable assets:	
Increase in property and equipment	(47,116)
Collections on stockholder note receivable	21,386
Write-off of related party note receivable	10,160
Other	1
Decrease in haircuts on securities due to change in money market accounts and percentage applied	<u>5,052</u>
Net Capital, per above	<u>\$ 69,465</u>

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CERTIFIED PUBLIC ACCOUNTANTS
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Houston, Texas 77055
Phone: (713) 827-0111 Fax: (713) 827-8764

Board of Directors
United Global Securities, Inc.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

In planning and performing our audit of the financial statements and supplemental schedule of United Global Securities, 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 an 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 conformity 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 any internal control structure 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 the internal control structure 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, the National Association of Securities Dealers, Inc. and other regulatory agencies which 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 those specified parties.

Edwards, Lincoln & Co., P.C.

Edwards, Lincoln & Co., P.C.
Houston, Texas
February 7, 2003