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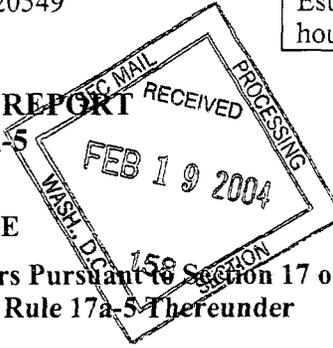
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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



SEC FILE NUMBER
8-48706

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 01/01/03 AND ENDING 12/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

CHADBOURN SECURITIES, INC.

OFFICIAL USE ONLY
FIRM ID. NO.

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

1050 Riverside Avenue

(No. and Street)

Jacksonville

(City)

Florida

(State)

32204

(Zip Code)

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

Daniel R. Murphy, Chairman & CEO

(904) 354-3632

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

VB&H Certified Public Accountants, LLC

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

183 MADISON AVENUE, SUITE 2501

(Address)

New York

(City)

NY

(State)

10016

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 17 2004

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).

25/12

CHADBOURN SECURITIES, INC.

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()	(h) Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.	
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()	(j) A Reconciliation, including Appropriate Explanations, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Rule 15c3-3 (not required).	
()	(k) A Reconciliation Between the Audited and Unaudited Consolidated Statements of Financial Condition With Respect to Methods of Consolidation (not applicable).	
(x)	(l) An Affirmation.	
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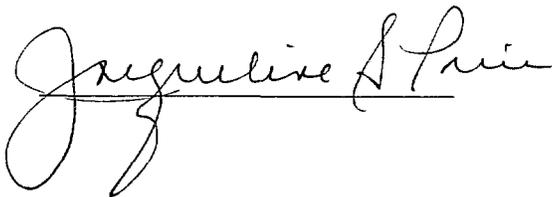
AFFIRMATION

I, Daniel R. Murphy, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to the firm of Chadbourn Securities, Inc. (Company) at December 31, 2003 and for the year then ended are true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified as that of a customer.



Daniel R. Murphy, Chairman & CEO

Sworn and subscribed to before me this 18th day of February, 2004.



Jacqueline S. Price
MY COMMISSION # DD146657 EXPIRES
October 26, 2006
BONDED THRU TROY FAIR INSURANCE, INC.

CHADBURN SECURITIES, INC.

(SEC I.D. No. 8-48706)

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2003
AND
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT
AND
SUPPLEMENTAL REPORT ON INTERNAL CONTROL**



Certified Public Accountants, LLC

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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT

To the Board of Directors of
Chadborn Securities, Inc.

We have audited the accompanying balance sheet of Chadborn Securities, Inc., as of December 31, 2003, 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 U. S. 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 Chadborn Securities, Inc. as of December 31, 2003, and the results of its operations and its cash flows for the year then ended in conformity with U. S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained on page 8 is presented for the purpose of additional analysis and is not required for a fair presentation of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. 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.

VB&H CPA'S, LLC

New York, NY
January 28, 2004

CHADBURN SECURITIES, INC.
BALANCE SHEET
DECEMBER 31, 2003

ASSETS

Cash, business savings	\$ 6,115
Private placement, at cost	<u>3,300</u>
Other	<u> </u>
 Total Assets	 <u>\$ 9,415</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities	\$ -
 Contingencies	 -
 Stockholder's Equity:	
Common stock - no par value; 100,000 shares authorized; 10,000 shares issued and outstanding; \$1 stated value	 10,000
 Additional paid-in capital	 13,637
 Retained (deficit)	 <u>(14,222)</u>
Total Stockholder's Equity	<u>9,415</u>
 Total Liabilities and Stockholder's Equity	 <u>\$ 9,415</u>

See accompanying notes.

CHADBURN SECURITIES, INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2003

Revenues	\$ <u> -</u>
Costs and Expenses:	
Administrative fees paid to parent Company	3,000
Office and general expenses	<u>1,185</u>
Total Costs and Expenses	<u>4,185</u>
Net (loss)	\$ <u><u>(4,185)</u></u>

See accompanying notes.

CHADBOURN SECURITIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

Cash Flows From Operating Activities:	
Net (loss)	\$ (4,185)
Net Cash (Used) By Operating Activities	<u>(4,185)</u>
Cash Flows From Investing Activities:	
Additional paid-in capital	<u>3,600</u>
Net Cash Provided By Investing Activities	<u>3,600</u>
Cash Flows From Financing Activities	<u>-</u>
Net (Decrease) In Cash	(585)
Cash Balance, Beginning of Period	<u>6,700</u>
Cash Balance, End of Year	\$ <u><u>6,115</u></u>

See accompanying notes.

CHADBOURN SECURITIES, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Shares of Common</u>	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained (deficit)</u>	<u>Total Stockholder's Equity</u>
Balances, January 1, 2003	10,000	\$10,000	\$ 10,037	\$ (10,037)	\$ 10,000
Shareholder contribution	-	-	3,600	-	3,600
Net (loss) for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,185)</u>	<u>(4,185)</u>
Balances, December 31, 2003	<u>10,000</u>	<u>\$10,000</u>	<u>\$ 13,637</u>	<u>\$ (14,222)</u>	<u>\$ 9,415</u>

See accompanying notes.

1. ORGANIZATION AND NATURE OF BUSINESS

Chadborn Securities, Inc. (Company) was incorporated in South Carolina on April 25, 1997 for the purpose of acting as a broker-dealer in securities transactions. The Company is registered with the Securities Exchange Commission (SEC) and is a member of the National Association of Securities Dealers, Inc. (NASD). The Company's business involves private placements.

The Company is a wholly-owned subsidiary of Palmetto Court, LLC (Parent).

The Company has a December 31 year-end.

2. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The financial statements are presented in accordance with generally accepted accounting principles and prevailing industry practices, both of which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at December 31, 2003, as well as the reported amounts of revenues and expenses during the year then ended. Estimates, by their nature, are based on judgement and available information. Management believes that the estimates utilized in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates.

Private Placement

The Company has recorded its investment in a private placement at cost, which management believes approximates fair value.

Income Taxes

The Company is included in the consolidated tax return filed by its parent. Federal taxes, if applicable, are calculated as if the Company filed on a separate return basis.

The Company has not accrued any income taxes because of its current year's loss. The Company has not recorded any tax benefits from its loss carryforwards as those benefits have been completely offset by a valuation allowance reflecting the uncertainty of their realization.

3. NET CAPITAL REQUIREMENTS

The Company is a member of the NASD and subject to the Securities and Exchange Commission's 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. At December 31, 2003, the Company had net capital of \$6,115, which was in excess of its required net capital of \$5,000.

CHADBOURN SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

4. RELATED PARTY TRANSACTION

The Company entered into an expense agreement with the Parent whereby the Parent would incur and pay on behalf of the Company primarily all of the overhead and administrative expenses. An amount of \$3,000 representing overhead and administrative expenses was allocated by the Parent and expensed by the Company. As the Parent will not request to be reimbursed, this amount has been credited to additional paid-in capital.

CHADBOURN SECURITIES, INC.
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2003

NET CAPITAL:	
Total Stockholder's equity	\$ 9,415
Non-allowable assets and deductions:	
Non-allowable assets	<u>3,300</u>
	<u>3,300</u>
Net capital before haircuts on securities positions	<u>6,115</u>
Haircuts on securities positions	<u>-</u>
Net Capital	<u><u>\$ 6,115</u></u>
AGGREGATE INDEBTEDNESS:	
Items included in the statement of financial condition	
Total aggregate indebtedness	<u><u>\$ -</u></u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:	
Minimum net capital required	<u><u>\$ 5,000</u></u>
Excess net capital	<u><u>\$ 1,115</u></u>
Excess net capital at 1,000%	<u><u>\$ 6,115</u></u>
Percentage of aggregate indebtedness to net capital	<u><u>0%</u></u>

The above computation does agree with the December 31, 2003 computation of net capital filed electronically by the company on FOCUS Form X-17A-5 Part IIA.

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

To the Board of Directors of
Chadbourne Securities, Inc.

In planning and performing our audit of the financial statements and supplementary information of Chadbourne Securities, Inc. (the "Company") for the year ended December 31, 2003, 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.

Also, as required by Rule 17a-5(g)(1) of the Securities 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 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, or, 3) Complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining a system of internal accounting 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 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 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, 2003, to meet the Commission's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc., (N.A.S.D.), 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.

New York, NY
January 28, 2004

VB&H CPAs, LLC