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

UP 2-27-04

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

SEC FILE NUMBER
8- 41597

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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Hovde Securities, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
1826 Jefferson Place, NW
(No. and Street)

Washington DC 20036
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Richard J. Perry, Jr. 202-775-8109
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Mehler & Wichansky, PC
(Name - if individual, state last, first, middle name)

1140 Connecticut Avenue, NW #803 Washington, DC 20036
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED

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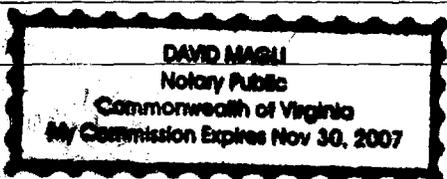
THOMSON
FINANCIAL

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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

I, Eric D. Hovde, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Hovde Securities, LLC, as of December 31, 2003, 2003, 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]
Signature

Chairman/President
Title

[Signature]
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~~ 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.
- (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).

WITNESSED AND INFORMED TO DEPOSE ME
THIS 9th DAY OF Feb, 2004.
BY [Signature]
NOTARY PUBLIC

STATE OF Virginia
COUNTY OF Arlington

HOVDE SECURITIES LLC

**FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

December 31, 2003

HOVDE SECURITIES LLC

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MEHLER & WICHANSKY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

SUITE 803

1140 CONNECTICUT AVENUE, N.W.

WASHINGTON, D.C. 20036

(202) 293-9330

FAX: (202)452-1973

Report of Independent Certified Public Accountants

To The Members
Hovde Securities LLC
Washington, DC

We have audited the accompanying statements of financial condition of Hovde Securities LLC as of December 31, 2003 and the related statements of operations, changes in members' 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 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 Hovde Securities LLC as of December 31, 2003, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II and III 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.

Mehler & Wichansky, P.C.
Mehler & Wichansky, P.C.

February 2, 2004

FINANCIAL STATEMENTS

HOVDE SECURITIES LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2003

ASSETS

Cash	\$	187,980
Cash - restricted		1,499
Due from affiliate (Note 2)		1,111
Prepaid expenses		<u>13,256</u>
TOTAL ASSETS	\$	<u>203,846</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities:

Accounts payable	\$	<u>3,000</u>
Total Liabilities		<u>3,000</u>
Members' Equity		<u>200,846</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$	<u>203,846</u>

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

HOVDE SECURITIES LLC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2003

Revenues:

Fee income	\$ 373,000
Interest income	<u>40</u>
Total revenues	<u>373,040</u>

Expenses:

Professional fees	178,378
Commission expense	34,936
Dues	13,297
Rent (Note 3)	7,404
Marketing	3,298
Bank charges	2,722
Office expense	1,568
Other taxes	1,314
Conferences	995
Travel	931
Insurance	924
Meals and entertainment	<u>634</u>
Total expenses	<u>246,401</u>
Net income before income taxes	126,639
State income tax	<u>100</u>
NET INCOME	<u>\$ 126,539</u>

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

STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2003

Balance at December 31, 2002	\$	30,259
Capital Contributed		68,096
Members' Distributions		(24,048)
Net Income		126,539
Balance at December 31, 2003	\$	<u>200,846</u>

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

Cash flows from operating activities	
Net income	\$ 126,539
Adjustments to reconcile net income to net cash provided by operating activities:	
(Increase) in prepaid expenses	(3,338)
(Increase) in due from affiliates	(1,803)
Increase in accounts payable	3,000
Total adjustments	<u>(2,141)</u>
Net cash provided by operating activities	<u>124,398</u>
Cash flow from financing activities:	
Proceeds from capital contributions	68,096
Distributions to members	(24,048)
Net cash provided by financing activities	<u>44,048</u>
Net increase in cash	168,446
Cash, beginning of year	21,033
Cash, end of year	<u>\$ 189,479</u>
Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Income Tax	<u>\$ 100</u>

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

HOVDE SECURITIES LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hovde Securities LLC (formerly Hovde Securities, Inc.) was incorporated in the State of Delaware on June 13, 1989. Effective October 11, 2002, pursuant to Section 266 of the Delaware General Corporate Law, the Company converted from a corporation to a limited liability company. The name of the limited liability company as set forth in the certificate of formation is Hovde Securities LLC (the Company). The Company is registered as a broker/dealer in securities with the Securities and Exchange Commission and the National Association of Securities Dealers, Inc. (NASD), and various states, and, in this capacity, it performs underwriting and investment banking.

Cash-Restricted

Cash – restricted consists of amounts deposited into a separate checking account as required by the NASD. These deposits are used for expenses incurred for filing and registration fees. There is no minimum balance requirement on this account; however, it must always have a positive balance.

Income Taxes

The Company, with the prior consent of its members, elected under the Internal Revenue Code to be taxed as a partnership. The members of a limited liability company are taxed on their proportionate share of the Company's taxable income. The Company's net income or loss is allocated among the members in accordance with the policies of the Company. The Company may be subject to various state and local taxes. No significant differences exist in amounts reported for income taxes from the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 these estimates.

NOTE 2 – RELATED PARTY TRANSACTIONS

The Company's members are also officers and stockholders of Hovde Financial, Inc., which is in the business of providing consulting and advisory services in the financial services industry. Hovde Financial, Inc. incurs certain occupancy, professional fees, data service and office costs on behalf of the Company that are allocated for reimbursement. At times, amounts may be advanced to and from the Company and its affiliates for cash management. As of December 31, 2003, the Company had amounts due from affiliates of \$1,111.

NOTE 3 – LEASE COMMITMENTS

On January 1, 2003 the Company entered into two separate lease agreements with 1824-1826 Jefferson Place, LLP (Jefferson Place) and with Colonial Jefferson LLC (Colonial Jefferson) to lease office space in Washington, D.C. and Inverness Illinois, respectively. Certain of the Company's members are also partners in Jefferson Place and Colonial Jefferson. Both leases provide for an annual base rent of \$3,702. Commencing at the beginning of the second lease year (2004) and continuing each year thru December 31, 2007, the then effective base rent increases by an escalating factor which equals two percent (2%) of the base rent for the previous lease year. Future minimum lease payments are as follows:

2004	\$7,552
2005	7,703
2006	7,857
2007	8,014
	<u>\$ 31,126</u>

NOTE 4 – NET CAPITAL REQUIREMENTS

As a registered broker/dealer and member of the National Association of Securities Dealers, Inc., 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. As applied to the Company, the Rule requires minimum net capital of \$5,000.

As of December 31, 2003, the Company had net capital (as defined) of \$186,091 of which \$181,091 was in excess of its requirement.

SUPPLEMENTARY INFORMATION

HOVDE SECURITIES LLC

SCHEDULE I

COMPUTATION OF REGULATORY NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION

As of December 31, 2003

Net capital	
Total assets	\$203,846
Total liabilities	(<u>3,000</u>)
Capital before deductions	200,846
Deduction:	
Non-allowable assets	(<u>14,755</u>)
Regulatory Net Capital	186,091

COMPUTATION OF BASIC NET
CAPITAL REQUIREMENT

Minimum net capital required	<u>5,000</u>
Excess Net Capital	<u>\$181,091</u>
Aggregate indebtedness	<u>\$ 3,000</u>
Ratio:	
Aggregate indebtedness to net capital	<u>1.61%</u>

No material difference exists in the computation of net capital above and as reported
in the Company's (unaudited) FOCUS report.

HOVDE SECURITIES LLC

SCHEDULE II

**COMPUTATION FOR DETERMINATION OF RESERVE
REQUIREMENTS UNDER RULE 15c3-3 OF
THE SECURITIES AND EXCHANGE COMMISSION**

As of December 31, 2003

The Company is exempt from the provisions of Rule 15c3-3 pursuant to Section (k)(2)(i) of such Rule, and the Company was in compliance with the conditions of the exemption at December 31, 2003.

No material difference exists in the computation of the reserve requirement above and as reported in the Company's (unaudited) FOCUS report.

HOVDE SECURITIES LLC

SCHEDULE III

**INFORMATION RELATING TO POSSESSION OR CONTROL
REQUIREMENTS UNDER RULE 15c3-3 OF
THE SECURITIES AND EXCHANGE COMMISSION**

As of December 31, 2003

The Company is exempt from the provision of Rule 15c3-3 pursuant to Section (k)(2)(i) of such Rule, and the Company was in compliance with the conditions of the exemption at December 31, 2003.

No material difference exists in the information relating to possession or control requirements above and as reported in the Company's (unaudited) FOCUS report.

MEHLER & WICHANSKY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

SUITE 803

1140 CONNECTICUT AVENUE, N.W.

WASHINGTON, D.C. 20036

(202) 293-9330

FAX: (202)452-1973

**Independent Auditors' Report
Internal Control Structure
Required by Rule 17a-5**

To The Members
Hovde Securities LLC
Washington, DC

In planning and performing our audit of the financial statements of Hovde Securities LLC (the Company) for the year ended December 31, 2003, we considered its internal control structure 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 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. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13 or in 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, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

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 judgements by management are required to assess the expected benefits and related costs of internal control structure policies and of the practices and procedures referred to in the previous 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 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, errors or fraud may nevertheless 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 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 the internal control structure 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 SEC's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, National Association of Securities Dealers, Inc., and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934, and should not be used for any other purpose.

Mehler & Wichansky, P.C.
Mehler & Wichansky, P.C.

February 2, 2004