



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

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

SEC FILE NUMBER
8- 40365

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: Owens Securities Corp.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

2221 Olympic Blvd.  
Walnut Creek (City) CA (State) 94595 (Zip Code)

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

(Area Code - Telephone Number)

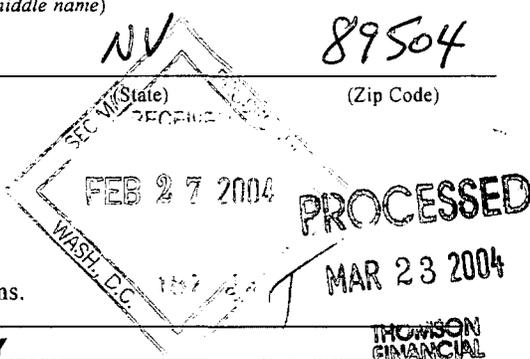
#### B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Grant Thornton LLP  
(Name - if individual, state last, first, middle name)  
100 Liberty St., Ste. 770, Reno (Address) (City) NV (State) 89504 (Zip Code)

CHECK ONE:

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



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)

CA

OATH OR AFFIRMATION

I, Bryan Draper, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Owens Securities Corp, as of December 31, 20 03, 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:

Bryan H. Draper  
Signature  
CFO  
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 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).

**JURAT**

State/Commonwealth of California }  
County of Contra Costa } ss.

Subscribed and sworn to (or affirmed) before me

this 26 day of February, 2004 by  
Date Month Year

(1) Bryan H. Draper  
Name of Signer #1

(2) \_\_\_\_\_  
Name of Signer #2



Place Notary Seal and/or Any Stamp Above

Karen A. Gonzales  
Signature of Notary Public

Karen A. Gonzales  
Other Required Information (Printed Name of Notary, Residence, etc.)

**OPTIONAL**

Though the information in this section is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

**Description of Attached Document**

Title or Type of Document: Oath or Affirmation

Document Date: 12/31/03 Number of Pages: 1

Signer(s) Other Than Named Above: n/a

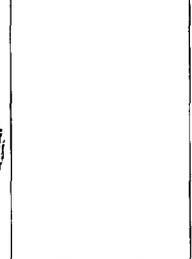
**RIGHT THUMBPRINT OF SIGNER #1**

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**RIGHT THUMBPRINT OF SIGNER #2**

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Financial statements and report of independent certified public accountants

**Owens Securities Corporation**

December 31, 2003 and 2002

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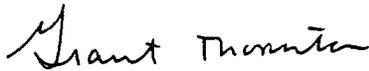
Report of Independent Certified Public Accountants

**Board of Directors and Stockholders  
Owens Securities Corporation**

We have audited the accompanying balance sheets of Owens Securities Corporation, as of December 31, 2003 and 2002, and the related statements of operations, stockholder's equity, and cash flows for the years 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 audits.

We conducted our audits 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 audits provide 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 Owens Securities Corporation, as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



Reno, Nevada  
February 06, 2004

Owens Securities Corporation

BALANCE SHEETS

December 31,

	ASSETS	
	<u>2003</u>	<u>2002</u>
<b>CURRENT ASSETS</b>		
Cash	<u>\$ 16,459</u>	<u>\$ 11,232</u>
Total current assets	16,459	11,232
<b>OTHER INVESTMENTS</b>	<u>3,300</u>	<u>3,300</u>
	<u>\$ 19,759</u>	<u>\$ 14,532</u>

STOCKHOLDER'S EQUITY

STOCKHOLDER'S EQUITY		
Common stock, \$1 par value; authorized 10,000,000 shares; issued and outstanding 15,000 shares	\$ 15,000	\$ 15,000
Additional paid-in capital	63,100	42,300
Accumulated deficit	<u>(58,341)</u>	<u>(42,768)</u>
Total stockholder's equity	<u>\$ 19,759</u>	<u>\$ 14,532</u>

The accompanying notes are an integral part of these statements.

Owens Securities Corporation  
**STATEMENTS OF OPERATIONS**  
 Years ended December 31,

	2003	2002
<b>Revenues</b>	\$ -	\$ -
<b>General and administrative expenses</b>	14,809	13,774
Loss from operations	(14,809)	(13,774)
<b>Other income</b>		
Interest and other income	36	128
Total other income	36	128
Loss before provision for income taxes	(14,773)	(13,646)
<b>Provision for income taxes</b>	(800)	(800)
<b>NET LOSS</b>	\$ (15,573)	\$ (14,446)

The accompanying notes are an integral part of these statements.

Owens Securities Corporation

STATEMENTS OF STOCKHOLDER'S EQUITY

Years ended December 31, 2003 and 2002

	<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Deficit</u>	<u>Shareholder's</u>
			<u>Capital</u>		<u>Equity</u>
<b>Balances at January 1, 2002</b>	15,000	\$ 15,000	\$ 36,500	\$ (28,322)	\$ 23,178
Net loss	-	-	-	(14,446)	(14,446)
Additional paid-in capital	-	-	5,800	-	5,800
<b>Balances at December 31, 2002</b>	15,000	15,000	42,300	(42,768)	14,532
Net loss	-	-	-	(15,573)	(15,573)
Additional paid-in capital	-	-	20,800	-	20,800
<b>Balances at December 31, 2003</b>	<u>15,000</u>	<u>\$ 15,000</u>	<u>\$ 63,100</u>	<u>\$ (58,341)</u>	<u>\$ 19,759</u>

The accompanying notes are an integral part of these statements.

**Owens Securities Corporation**  
**STATEMENTS OF CASH FLOWS**

Years ended December 31,

	<u>2003</u>	<u>2002</u>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (15,573)	\$ (14,446)
Adjustments to reconcile net loss to net cash used in operating activities:		
Net cash flows used in operating activities	<u>(15,573)</u>	<u>(14,446)</u>
 <b>Cash flows provided by financing activities:</b>		
Additional paid-in capital contributed	<u>20,800</u>	<u>5,800</u>
Net cash flows provided by financing activities	<u>20,800</u>	<u>5,800</u>
 <b>INCREASE (DECREASE) IN CASH</b>	 5,227	 (8,646)
 <b>Cash at beginning of year</b>	 <u>11,232</u>	 <u>19,878</u>
 <b>Cash at end of year</b>	 <u><u>\$ 16,459</u></u>	 <u><u>\$ 11,232</u></u>
 <b>Supplementary cash flows information:</b>		
Cash paid for income taxes	<u><u>\$ 800</u></u>	<u><u>\$ 800</u></u>

The accompanying notes are an integral part of these statements.

Owens Securities Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

NOTE A - ORGANIZATION

Owens Securities Corporation (the Company) was incorporated in September 1988 in the State of California. The Company is a registered broker-dealer and is a wholly-owned subsidiary of Owens Financial Group (the "Parent"). Its operations consist of effecting transactions of limited partnership interests in Owens Mortgage Investment Fund. During the years ended December 31, 2003 and 2002, no commission revenue was earned.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**1. Basis of Accounting and Management Estimates**

The Company uses the accrual method of accounting for financial reporting purposes.

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 and disclosure of contingent 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.

**2. Cash and Cash Equivalents**

For purposes of the statements of cash flows, cash and cash equivalents includes interest-bearing bank deposits and short-term investments with original maturities of three months or less. Cash and cash equivalents includes \$11,484 and \$6,204 invested in money market funds at December 31, 2003 and 2002, respectively.

**3. Income Taxes**

The Company has elected S corporation status for federal and state tax purposes. For an S corporation, federal and state taxes on income are taxed to the individual stockholders. While the income is not subject to federal corporation income tax at the corporate level, it is subject to a 3.5% California franchise tax.

The provision for income taxes for the years ended December 31, 2003 and 2002 consists of minimum state franchise tax of \$800.

**4. Other Investments**

The Company's other investments consist of an investment in a privately-owned corporation. The Company accounts for its investments in privately-owned corporations at cost less any valuation allowance required for impairments in fair value

Owens Securities Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

NOTE C - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1, which requires (1) the maintenance of minimum net capital, as defined, of \$5,000; and (2) a maximum ratio of aggregate indebtedness to net capital, as defined, not to exceed 15 to 1. At December 31, 2003, the Company had net capital of \$16,459, which was \$11,459 in excess of its required net capital, and a ratio of aggregate indebtedness to net capital of .00 to 1.00. At December 31, 2002, the Company had net capital of \$11,232, which was \$6,232, in excess of its required net capital, and a ratio of aggregate indebtedness to net capital of .00 to 1.00.

**SUPPLEMENTARY INFORMATION**

**Report of Independent Certified Public Accountants on  
Supplementary Information Required by Rule 17A-5 of the Securities and Exchange Commission**

**Board of Directors and Stockholders  
Owens Securities Corporation**

We have audited the accompanying financial statements of Owens Securities Corporation for the years ended December 31, 2003 and 2002, and have issued our report thereon dated February 06, 2004, which are presented in the preceding section of this report. The supplementary information contained hereinafter is presented for purposes of additional analysis and is not a required part of the 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 financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Grant Thornton LLP*

Reno, Nevada  
February 06, 2004

Owens Securities Corporation

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

Years ended December 31,

	<u>2003</u>	<u>2002</u>
<b>Net Capital</b>		
Total stockholders' equity	\$ 19,759	\$ 14,532
Deduct non-allowable assets:		
Other investments	<u>(3,300)</u>	<u>(3,300)</u>
Net capital	<u>\$ 16,459</u>	<u>\$ 11,232</u>
<b>Computation of basic net capital requirement:</b>		
Minimum net capital required	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Excess net capital	<u>\$ 11,459</u>	<u>\$ 6,232</u>
Ratio of aggregate indebtedness to capital	<u>.00 to 1.00</u>	<u>.00 to 1.00</u>

**Reconciliation of net capital:**

The net capital as reported in the accompanying financial statements equals the net capital as reported in the Company's unaudited filing of Part IIA of the FOCUS reports as of December 31, 2003 and 2002

The accompanying notes are an integral part of this statement.

**Independent Auditors' Report on**  
**Internal Controls Required by the Securities and Exchange Commission Rule 17a-5**

**Board of Directors and Stockholders**  
**Owens Securities Corporation**

In planning and performing our audits of the financial statements of Owens Securities Corporation (the Company) for the years ended December 31, 2003 and 2002, we considered its internal controls, 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 the internal controls.

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 (or aggregate debits) and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e). Because the Company does not carry security 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, and the recordation of differences required by rule 17a-13.
- (2) 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.
- (3) Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3

The management of the Company is responsible for establishing and maintaining internal controls 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 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 internal controls 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 accounting principles generally accepted in the United States of America (US GAAP). 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, errors 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 controls would not necessarily disclose all matters in internal controls 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 errors 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 controls 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 and 2002, to meet the Commission'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, 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.

*Grant Thornton LLP*

Reno, Nevada  
February 06, 2004