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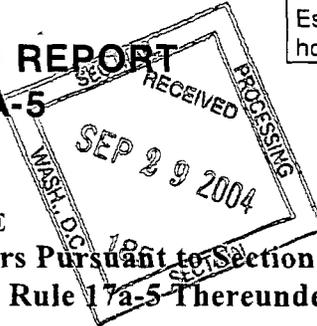


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MISSION

OMB APPROVAL  
 OMB Number: 3235-0123  
 Expires: October 31, 2004  
 Estimated average burden  
 hours per response..... 12.00

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



SEC FILE NUMBER  
 8-43182

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 07/01/03 AND ENDING 06/30/04  
 MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Redwood Securities Group, Inc.**

OFFICIAL USE ONLY  
 FIRM I.D. NO.

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

**600 California Street, Suite 520**

(No. and Street)

**San Francisco**

**CA**

**94108**

(City)

(State)

(Zip Code)

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

**Aditya B. Mukerji**

**(415) 352-3700**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Daoro, Zydel & Holland**

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

**180 Montgomery Street, Suite 700, San Francisco**

**CA**

**94104**

(Address)

(City)

(State)

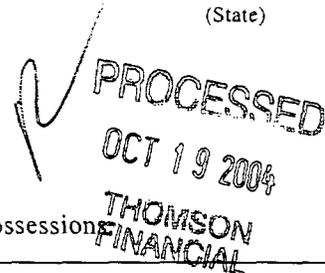
(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions



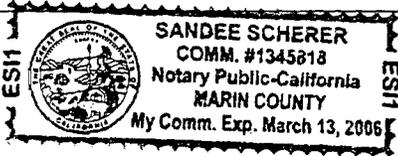
**FOR OFFICIAL USE ONLY**

\*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)

DR 17-18

OATH OR AFFIRMATION

I, Aditya B. Mukerji, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Redwood Securities Group, Inc., as of June 30, 2004, 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:



Aditya B. Mukerji  
Signature  
CEO & President  
Title

Sandee Scherer  
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).

Redwood Securities Group, Inc.

STATEMENTS OF FINANCIAL CONDITION

June 30, 2004 and 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Cash	\$ 216,836	\$ 210,052
Receivables		
Commissions and other	4,568	16,000
Due from clearing firm	145,174	153,455
Officer advances	<u>420</u>	<u>151,870</u>
Total receivables	366,998	321,325
Secured demand notes, collateralized by cash equivalents and marketable securities	104,250	104,250
Furniture, equipment and leasehold improvements, at cost, (net of accumulated depreciation of \$96,756 and \$83,056 in 2004 and 2003, respectively)	68,471	25,256
Other assets	<u>35,523</u>	<u>22,798</u>
	<u>\$ 575,242</u>	<u>\$ 683,681</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Due to clearing firm	\$ 92,871	\$ -
Accounts payable	86,446	130,965
Accrued liabilities	127,892	149,970
Income taxes payable	900	1,673
Secured demand notes collateral agreement subordinated to claims of general creditors		
Stockholders	<u>104,250</u>	<u>104,250</u>
Total liabilities	<u>412,359</u>	<u>386,858</u>
Commitment	-	-
Stockholders' equity		
Non-voting common stock; authorized 300,000 shares at \$1 par value; issued and outstanding 237,580 shares	237,580	26,500
Voting common stock; authorized 200,000 shares at \$1 par value; issued and outstanding 100,000 shares	100,000	75,500
Additional paid in capital	71,170	343,750
Accumulated deficit	<u>(245,867)</u>	<u>(148,927)</u>
	<u>162,883</u>	<u>296,823</u>
	<u>\$ 575,242</u>	<u>\$ 683,681</u>

The accompanying notes are an integral part of these statements.