

RECEIVED
AMM
MAR 2 2004

SECT



MISSION

04014583

122

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
8-46669

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
MAR 9 2004
DIVISION OF MARKET REGULATION

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: Security Capital Brokerage Services, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

200 Galleria Parkway, Suite 1740

(No. and Street)

Atlanta Georgia 30339
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Bela Kovacs (770) 953-0090
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Pechter & Associates, P.C.

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

200 Galleria Parkway, Suite 880, Atlanta, Georgia 30339
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED
MAR 29 2005
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)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

AMM
3-24-05
SEC 1410 (06-02)

AMM
3-24-2005

X

(b)
SECURITY CAPITAL BROKERAGE, INC.
STATEMENT OF FINANCIAL CONDITION
December 31, 2003

ASSETS

CURRENT ASSETS

Cash	\$ 7,912
Due from related corporation	469,045
Benefit from net operating loss	1,210
Deposit	<u>25,000</u>

503,167

PROPERTY, PLANT & EQUIPMENT

Equipment	17,467
Furniture and fixtures	<u>18,102</u>
	35,569
Accumulated depreciation	<u>(35,569)</u>
	<u>0</u>

\$ 503,167

LIABILITIES & STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

Fees payable	\$ <u>5,000</u>
--------------	-----------------

STOCKHOLDER'S EQUITY

Common stock, no-par value, 1,000 shares authorized, 100 shares issued and outstanding	500
Additional paid-in capital	15,500
Retained earnings	<u>482,167</u>
	<u>498,167</u>
	<u>\$ 503,167</u>

See auditor's report.

(c)
SECURITY CAPITAL BROKERAGE, INC.
STATEMENT OF INCOME
For the year ended December 31, 2003

REVENUE

Commission income	<u>\$ 69,356</u>
-------------------	------------------

EXPENSE

Bank charges	120
Commissions	32,481
Dues and subscriptions	687
Exchange fees	1,405
Insurance	519
Interest expense	56
Online fees	30,991
Office expenses	1
Miscellaneous	3,642
Postage	85
Professional fees	4,104
Registration fees	<u>1,370</u>

Total expenses	<u>75,461</u>
----------------	---------------

Net income before taxes	<u>(6,105)</u>
-------------------------	----------------

BENEFIT FROM NET OPERATING LOSS CARRYFORWARD

Federal	864
State	<u>346</u>
	<u>1,210</u>

Net Income	<u>\$ (4,895)</u>
------------	-------------------

See auditor's report.

(2)
SCHEDULE I

SECURITY CAPITAL BROKERAGE, INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2003

NET CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 69,356
Cash paid to representatives and suppliers	(75,461)
Income taxes paid	<u>5,687</u>
Net cash (used in) operating activities	<u>(418)</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES:	
Receipts from related parties	<u>7,153</u>
Net cash provided by financing activities	<u>7,153</u>
Net decrease in cash	6,735
Cash, beginning	<u>1,177</u>
Cash, ending	<u><u>\$ 7,912</u></u>
RECONCILIATION OF NET LOSS TO NET CASH (USED IN) OPERATING ACTIVITIES:	
Net loss	\$ <u>(4,895)</u>
Adjustments to reconcile net income to cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in benefit from net operating loss	<u>4,477</u>
Total adjustments	<u>4,477</u>
NET CASH (USED IN) OPERATING ACTIVITIES	<u><u>\$ (418)</u></u>

See accompanying notes and auditor's report.

SECURITY CAPITAL BROKERAGE, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
For the year ended December 31, 2003

	Common Stock	Paid-in Capital	Retained Earnings
Balance at January 1, 2002	\$ 500	\$ 20,500	\$ 487,062
Change in Paid-in Capital	0	(5,000)	0
Net loss	0	0	(4,895)
Balance at December 31, 2002	<u>\$ 500</u>	<u>\$ 15,500</u>	<u>\$ 482,167</u>

See auditor's report.

(f)
SECURITY CAPITAL BROKERAGE, INC.
STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO
CLAIMS AND GENERAL CREDITORS
For the year ended December 31, 2003

Subordinated liabilities at December 31, 2002	\$ - -
Payment of subordinated liability	<u>- -</u>
Subordinated liabilities at December 31, 2003	<u><u>\$ - -</u></u>

See auditor's report.

(g)
SCHEDULE I

SECURITY CAPITAL BROKERAGE, INC.
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
December 31, 2003
See Auditor's Report

NET CAPITAL	
Total stockholder's equity	<u>\$ 498,167</u>
Total stockholder's equity qualified for net capital	498,167
Deduct: Non-allowable assets	<u>470,255</u>
Net capital before haircuts on securities positions	27,912
Haircuts on securities	
C. Trading and investment securities:	
4. Other securities	<u>158</u>
Net capital	<u>\$ 27,754</u>
AGGREGATE INDEBTEDNESS	
Total aggregate indebtedness	<u>\$ 5,000</u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT	
Minimum net capital required (based on aggregate Indebtedness)	<u>\$ 333</u>
Minimum net capital required	<u>\$ 5,000</u>
Excess net capital at 1500%	<u>\$ 22,754</u>
Excess net capital at 1000%	<u>\$ 27,754</u>
Ratio: Aggregate indebtedness to net capital	<u>0.18 to 1</u>
RECONCILIATION WITH COMPANY'S COMPUTATION in Part II of Form X-17A-5 as of December 31, 2003	
Net capital, as reported in Company's Part II FOCUS report	\$ 27,754
Net audit adjustments	- -
Net capital from above	<u>\$ 27,754</u>

(h)
SCHEDULE II

SECURITY CAPITAL BROKERAGE, INC.
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
December 31, 2003
See Auditor's Report

There were no applicable items noted during our audit for the year ended December 31, 2003.

(i)
SCHEDULE III

SECURITY CAPITAL BROKERAGE, INC.
INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS UNDER
RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
December 31, 2003
See Auditor's Report

There were no applicable items noted during our audit for the year ended
December 31, 2003.

(j)
SCHEDULE I (cont'd)

SECURITY CAPITAL BROKERAGE, INC.
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
December 31, 2003
See Auditor's Report

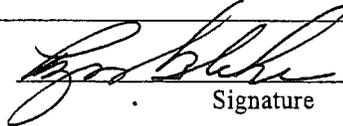
There were no applicable items noted during our audit for the year ended
December 31, 2003.

(k)
SECURITY CAPITAL BROKERAGE, INC.
RECONCILIATION OF AUDITED AND UNAUDITED STATEMENTS OF FINANCIAL
CONDITIONS WITH RESPECT TO CONSOLIDATION
December 31, 2003
See Auditor's Report

There were no applicable items noted during our audit for the year ended
December 31, 2003.

(L)
OATH OR AFFIRMATION

I, Lynn Blake, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Security Capital Brokerage, Inc., as of February 20, 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:


Signature

President

Title



Notary Public
Notary Public, Cobb County, Georgia

My Commission Expires October 4, 2008

These provisions (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).

(m)

Independent Auditor's Report on Internal Accounting Control
Required by SEC Rule 17a-5

To the Board of Directors
Security Capital Brokerage, Inc.
Atlanta, Georgia

In planning and performing our audit of the financial statements, we considered the 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 structure.

Also, as required by the rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures followed by Security Capital Brokerage, Inc. that we consider relevant to the objectives stated in rule 17a-5(g) (1) in making the periodic computations of aggregate indebtedness and net capital under rule 17-3(a)(11) and the reserve required by rule 15c3-3(e); (2) in making the quarterly securities examination counts, verifications and comparisons, and the recordation of differences required by rule 17a-13,(3) 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, and (4) in 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 an internal control structure and the practices described in the proceeding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures to the practices and procedures referred to in the proceeding paragraph and to assess whether those practices and procedures can be expected to achieve the Company's above stated objectives. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets 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 generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed the preceding paragraph.

Independent Auditor's Report on Internal Accounting Control
Required by SEC Rule 17a-5 (cont'd)

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design may deteriorate.

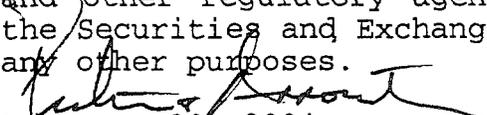
For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

A material weakness is a reportable condition which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. We noted no matters involving the internal control structure and its operation 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 Commission 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 this 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 use of management, the Securities and Exchange Commission, the New York Stock Exchange and other regulatory agencies which rely on Rule 17a-5(g) under the Securities and Exchange Act of 1934 and should not be used for any other purposes.


February 20, 2004

(n)
SECURITY CAPITAL BROKERAGE, INC.
SCHEDULE OF MATERIAL INADEQUACIES FOUND SINCE DATE OF
PREVIOUS AUDIT
December 31, 2003
See Auditor's Report

There were no applicable items noted during our audit for the year ended December 31, 2003.