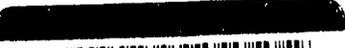


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MISSION

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
FACING PAGE**

SEC FILE NUMBER
8-65163

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

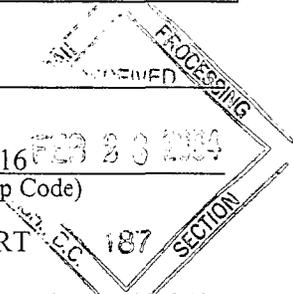
NAME OF BROKER - DEALER:

SFG Securities, Inc.

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

110 East 31st Street
(No. and Street)
New York New York 10016
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM ID. NO.



NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Vasken H. Setrakian - President (212) 683-0793
(Area Code - Telephone No.)

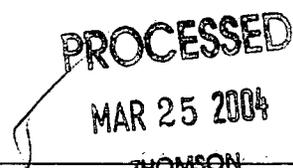
B. ACCOUNTANT IDENTIFICATION

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 204 New York New York 10016
(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
THOMSON FINANCIAL

*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).

KJ
3/24

SFG SECURITIES, INC.

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This report contains (check all applicable boxes):		Page
	Independent Certified Public Accountants' Report.	1
(x)	(a) Facing page.	
(x)	(b) Balance Sheet.	2
(x)	(c) Statement of Operations.	3
(x)	(d) Statement of Cash Flows.	4
(x)	(e) Statement of Changes in Stockholder's Equity.	5
()	(f) Statement of Changes in Subordinated Liabilities (not applicable).	
(x)	Notes to Financial Statements.	6 - 7
(x)	(g) Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934.	8
()	(h) Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.	
()	(i) Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 (not applicable).	
()	(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.	
()	(m) A Copy of the SIPC Supplemental Report (not required).	
(x)	(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Supplemental Report on Internal Control).	9 - 10

AFFIRMATION

I, Vasken H. Setrakian, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to the firm of SFG 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.



Vasken H. Setrakian - President

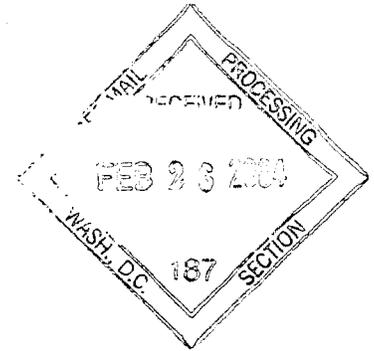
Sworn and subscribed to before me this 23RD day of FEBRUARY, 2004.



ALBERT MIKHAIL
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 8/21/2007

SFG SECURITIES, INC.
(SEC I.D. No. 8-65163)

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



VB&H
Certified Public Accountants, LLC

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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT

To the Stockholder and Director of
SFG Securities, Inc.

We have audited the accompanying balance sheet of SFG 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 SFG Securities, Inc. at December 31, 2003, and the results of its operations, changes in stockholder's equity, and 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 purposes of additional analysis and is not a required part 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.

New York, NY
February 7, 2004

VB&H CPA'S, LLC

SFG SECURITIES, INC.
BALANCE SHEET
DECEMBER 31, 2003

ASSETS

Cash	\$ <u>8,978</u>
Total Assets	<u><u>8,978</u></u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:	
Accounts payable and accrued expenses	\$ <u>150</u>
Total Liabilities	<u>150</u>
Stockholder's Equity	
Common stock - no par value	
1,500 shares authorized,	1
1 shares issued and outstanding	
Additional paid-in capital	26,999
Retained (deficit)	<u>(18,172)</u>
Total Stockholder's Equity	<u>8,828</u>
Total Liabilities and Stockholder's Equity	\$ <u><u>8,978</u></u>

See accompanying notes.

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

Revenues:	
Placement fees	\$ <u>15,000</u>
Total Revenues	<u>15,000</u>
Costs and Expenses:	
Administrative fees paid to parent Company	4,000
Commissions and fees	7,500
Professional fees	3,000
Licenses	3,296
Other	747
Taxes	<u>600</u>
Total Costs and Expenses	<u>19,143</u>
Net (Loss)	\$ <u><u>(4,143)</u></u>

See accompanying notes

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

Cash Flows From Operating Activities:	
Net (loss)	\$ (4,143)
Net cash (used) by operating activities	<u>(4,143)</u>
Cash flows from financing activities:	
Stockholder contribution	<u>4,000</u>
Net cash provided by financing activities	4,000
Net (decrease) in cash	<u>(143)</u>
Cash at beginning of year	<u>9,121</u>
Cash at end of year	\$ <u><u>8,978</u></u>

See accompanying notes

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

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained (deficit)</u>	<u>Total Stockholder's Equity</u>
Balances, January 1, 2003	\$ 1	\$ 22,999	\$ (14,029)	\$ 8,971
Shareholder contribution		4,000	-	4,000
Net (loss) for the year	-	-	(4,143)	(4,143)
Balances, December 31, 2003	<u>\$ 1</u>	<u>\$ 26,999</u>	<u>\$ (18,172)</u>	<u>\$ 8,828</u>

See accompanying notes

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

1. ORGANIZATION AND NATURE OF BUSINESS

SFG Securities, Inc. was formed November 29, 2001 in the State of Delaware as a broker-dealer in securities transactions under the Securities Exchange Act of 1934. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers, Inc. (NASD). The Company is a wholly-owned subsidiary of Setrakian Financial Group LLC.

The Company intends to raise capital primarily for overseas private equity funds by targeting high net worth investors in the United States.

The Company has a December 31 year-end.

The Company is not required to maintain a special reserve bank account for the benefit of customers under Rule 15c3-3 of the Securities and Exchange Commission under Section K(2)ii of the Rule.

2. SIGNIFICANT ACCOUNTING POLICIES

The Company's financial statements are prepared using the accrual method of accounting.

Revenues

Fees realized on placements are recorded as earned.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

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 of \$5,000 and requires 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 \$8,829, which was \$3,829 in excess of the amount required.

4. RELATED PARTY TRANSACTIONS

The Company entered into an expense agreement with the Parent whereby the Parent would incur ad pay on behalf of the Company primarily all of the overhead and administrative

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

expenses. An amount of \$4,000 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.

5. INCOME TAXES

The Company is on cash basis for tax purposes. At December 31, 2003 the Company has an available operating loss carryforward of approximately \$18,000 for income tax purposes of which approximately \$4,000 expires in 2021, \$10,000 expires in 2022 and \$4,000 in 2023. The tax benefit of loss carryforwards arising in 2003 was approximately \$600.

The net deferred tax asset of approximately \$2,700 has been fully offset by a valuation allowance.

SFG 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	\$ 8,828
Net capital before haircuts on securities positions	<u>8,828</u>
Haircuts on securities positions	<u>-</u>
Net Capital	<u><u>\$ 8,828</u></u>
AGGREGATE INDEBTEDNESS:	
<i>Items included in the statement of financial condition:</i>	
Accounts payable and accrued expenses	\$ <u><u>150</u></u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:	
Minimum net capital required	\$ <u><u>5,000</u></u>
Excess net capital	\$ <u><u>3,828</u></u>
Excess net capital at 1,000%	\$ <u><u>8,813</u></u>
Ratio: Aggregate indebtedness to net capital is 2%	

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.



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

To the Board of Directors of
SFG Securities, Inc.

In planning and performing our audit of the financial statements and supplementary information of SFG Securities, Inc. (the "Company") for the year ended December 31, 2003, we considered its internal control, 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 internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission (the "Commission"), 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 Commission'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 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 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
February 7, 2004

VB&H CPA'S, LLC