

322-2005



05039951

SE

MISSION

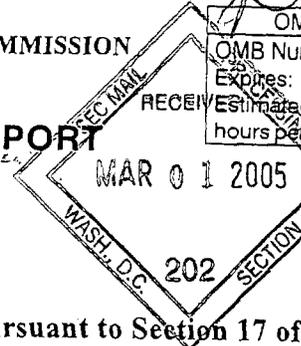
OMB APPROVAL

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
832454

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 January 1, 2004 AND ENDING December 31, 2004
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Nexa Securities, Inc.

OFFICIAL USE ONLY

FIRM I.D. NO.

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

1278 E. Colorado Blvd.

Pasadena CA (No. and Street) 91106

(City)

(State)

(Zip Code)

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

Jeff Liu 626-396-1111
Sue Liu

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Elizabeth Tractenberg, CPA

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

10680 W. Pico Blvd., Suite 260, LA CA 90064

(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 23 2005

THOMSON FINANCIAL

FOR OFFICIAL USE ONLY

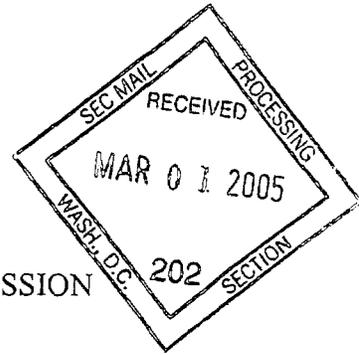
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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.

SEC 1410 (06-02)

322-05

3/23/05



SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

ANNUAL AUDIT REPORT

DATE - DECEMBER 31, 2004

NEXA SECURITIES, INC.
1278 E. Colorado St.
Pasadena, CA 91101

CONTENTS

PART I

Report of Independent Accountant	1
Statement of Financial Condition	2
Statement of Income	3
Statement of Changes in Stockholders' Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8

SUPPLEMENTARY INFORMATION

Schedule of Operating Expenses	9
Computation of Net Capital Pursuant to Rule 15c3-1	10-11

PART II

Statement of Internal Control	12-13
-------------------------------	-------

ELIZABETH CERTIFIED
TRACTENBERG PUBLIC
ACCOUNTANT

REPORT OF INDEPENDENT AUDITOR

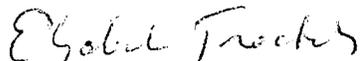
Board of Directors
Nexa Securities, Inc.
Pasadena, California

I have audited the accompanying statement of financial condition of Nexa Securities, Inc. (Company) as of December 31, 2004 and related statements of income, cash flows, and changes in stockholders' equity for the year then ended. These financial statements are being filed pursuant to Rule 17a-5 of the Securities Exchange Act of 1934 and include the supplemental schedule of the net capital computation required by rule 15c3-1. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, such financial statements referred to above present fairly, in all material respects, the financial condition of Nexa Securities, Inc. as of December 31, 2004 and the results of its operations, cash flows and stockholders' equity for the year then ended in conformity with accounting principles generally accepted in the United States.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Supplementary Information on pages 10 to 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements but includes 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 audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Elizabeth Tractenberg, CPA
Los Angeles, California
February 8, 2004

10680 WEST PICO BOULEVARD, SUITE 260, LOS ANGELES, CA 90064
3832 SHANNON ROAD, LOS ANGELES, CA 90027-1442

PHONE (323) 669-0545 FAX (323) 669-0575 CELL PHONE (310) 435-0746 EMAIL TRACTENBERG@SBCGLOBAL.NET

NEXA SECURITIES, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2004

ASSETS

Cash		
Checking	\$	202
Clearing broker deposit		50,000
Commissions receivable		218
Prepaid expenses and other assest		5,753
Deposits - rent		4,320
Furniture, fixtures and equipment net of depreciation of \$8,402		1,123
Intangible assets net of amortization of \$48,611		<u>65,989</u>
TOTAL ASSETS	\$	<u>127,605</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES		
Bank overdraft	\$	2,130
Accrued expenses		10,486
Commissions payable		<u>4,600</u>
TOTAL LIABILITIES		<u>17,216</u>
STOCKHOLDERS' EQUITY		
Common stock (\$1 par value, 100,000 shares authorized and issued; 2,500 shares outstanding)	\$	2,500
Paid-in capital		1,229,667
Retained earnings		<u>(1,121,778)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	<u>127,605</u>

See Accompanying Notes to Financial Statements

NEXA SECURITIES, INC.
STATEMENT OF LOSS
FOR THE YEAR ENDED DECEMBER 31, 2004

REVENUES

Commissions earned	\$ 180,690
Other income	<u>9,722</u>

TOTAL REVENUES	<u>190,412</u>
----------------	----------------

DIRECT COSTS

Commission expense	88,769
Data services and software	<u>607</u>

TOTAL DIRECT COSTS	<u>89,376</u>
--------------------	---------------

GROSS PROFITS	101,036
---------------	---------

TOTAL OPERATING EXPENSES	<u>208,088</u>
--------------------------	----------------

INCOME (LOSS) BEFORE TAX PROVISION	(107,052)
------------------------------------	-----------

INCOME TAX PROVISION	<u>800</u>
----------------------	------------

NET INCOME (LOSS)	<u><u>\$ (107,852)</u></u>
-------------------	----------------------------

See Accompanying Notes to Financial Statements

NEXA SECURITIES, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2004

	Common Stock Shares	Common Stock	Paid-in Capital	Retained Earnings	Total
Balance, December 31, 2003	2,500	\$ 2,500	\$ 1,163,678	\$ (1,013,926)	\$ 152,252
Contributed capital			65,989		65,989
Net Income (Loss)				(107,852)	(107,852)
Balance, December 31, 2004	<u>2,500</u>	<u>\$ 2,500</u>	<u>\$ 1,229,667</u>	<u>\$ (1,121,778)</u>	<u>\$ 110,389</u>

See Accompanying Notes to Financial Statements

NEXA SECURITIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004

Cash Flows from Operating Activities:	
Net income (loss)	\$ (107,852)
Depreciation and amortization	14,456
Changes in operating assets and liabilities:	
Commissions receivable	17,698
Receivable from affiliates	1,200
Prepaid expenses	(5,753)
Deposits - rent	235
Bank overdraft	2,130
Accrued expenses	839
Commissions payable	<u>4,600</u>
Net cash provided in operating activities	(72,447)
Cash Flows from Investing Activities:	<u>0</u>
Cash Flows from Financing Activities:	
Contribution of capital	<u>65,989</u>
Net decrease in cash	(6,458)
Cash at beginning of year	<u>6,660</u>
Cash at end of year	<u>\$ 202</u>

SUPPLEMENTAL INFORMATION

Interest paid	<u>\$ 312</u>
Income taxes paid	<u>\$ 800</u>

See Accompanying Notes to Financial Statements

NEXA SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1 - NATURE OF BUSINESS

Nexa Securities, Inc. (the Company) was incorporated in the State of Texas under the name Integrated Advisors, Inc. on September 6, 1984. The Company changed its name to Integrated Global Securities, Inc. on January 25, 1985; Capital Gains, Inc. on June 23, 1998; Quartermove Securities, Inc. on September 16, 1999; and Nexa Securities, Inc. on October 26, 2000. The Company is a registered broker-dealer in securities under the Securities and Exchange Act of 1934, a member of the National Association of Securities Dealers, Inc. and the Securities Investors Protection Corporation (SIPC).

The company conducts business on a fully disclosed basis whereby the execution and clearance of trades are handled by another Broker/Dealer. The Company does not hold customer funds and/or securities. As a result, the Company is exempt from certain provisions and requirements of the Securities Exchange Commission.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition - The Company recognizes revenue upon rendering of services.

Property, Equipment and Depreciation - Property and equipment are carried at cost. Depreciation is calculated on the accelerated methods over estimated economic lives of 3 to 7 years.

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 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.

Income Taxes - Income taxes are provided based on earnings reported for financial statement purposes. In accordance with FASB Statement No. 109, the asset and liability method requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between tax basis and financial reporting basis of assets and liabilities.

NEXA SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 3 - NET CAPITAL REQUIREMENTS

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital (\$5,000) as defined under such provisions. See pages 10 and 11 for the computation of net capital.

NOTE 4 - DEPOSIT - CLEARING ORGANIZATION

The Company has an agreement with a clearing broker which requires a minimum deposit of \$50,000.

NOTE 5 - INTANGIBLE ASSETS

The Company entered into a software license agreement with its former sister company, Nexa Technologies, Inc. for proprietary software to assist the Company and its clients with their trading. The license cost \$110,000 and expires in October 2006. The Company amortizes the cost of the license over the life of the agreement, using the straight-line method of accounting.

Amortization expense for the year ended December 31, 2004 was \$11,000.

NOTE 6 - TRANSACTIONS WITH AFFILIATED COMPANIES

The Company is currently carrying receivables for inter-company loans made to a sister company prior to the sale of the Company on October 4, 2001 to World Safira Co., Ltd. The loan outstanding at December 31, 2004 is \$1,200.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Company leases facilities in the County of Los Angeles under a long-term agreement expiring December 31, 2006. The annual rental commitments for years ending December 31, are as follows:

2005	\$ 48,600
2006	<u>16,200</u>
	<u>\$ 64,800</u>

NEXA SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 8 - PROVISION FOR INCOME TAXES

The Company's fiscal year ends December 31, 2004. The provision for income taxes for the year consists of the following:

Federal	\$ 0
State	<u>800</u>
	<u>\$ 800</u>

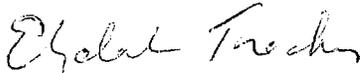
The Company has a net operating loss carry-forward of \$893,000 as of December 31, 2004, which may be applied against future taxable income which expires in the year 2024.

ELIZABETH CERTIFIED.
TRACTENBERG PUBLIC
ACCOUNTANT

Independent Auditor's Report on Supplemental Information

Board of Directors
Nexa Securities, Inc.
Pasadena, California

My report on my audit of the basic financial statements of Nexa Securities, Inc. for December 31, 2004 was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of operating expenses on Page 8 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.



Elizabeth Tractenberg, CPA
Los Angeles, California
February 8, 2004

NEXA SECURITIES, INC.
OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2004

OPERATING EXPENSES	
Advertising/marketing	\$ 49,650
Consultants	20,428
Depreciation and amortization	14,456
Legal and professional fees	23,537
Licenses and permits	8,471
Miscellaneous expenses	2,131
Office expense	2,374
Rent and utilities	45,152
Salaries and payroll taxes	35,215
Telephone	4,126
Travel and entertainment	<u>2,548</u>
TOTAL OPERATING EXPENSES	<u>\$ 208,088</u>

See Accompanying Notes to Financial Statements

NEXA SECURITIES, INC.
 COMPUTATION OF NET CAPITAL REQUIREMENTS PURSUANT
 TO RULE 15c3-1
 DECEMBER 31, 2004

COMPUTATION OF NET CAPITAL	
Total ownership equity from statement of financial condition	\$ 110,389
Non allowable assets	<u>(77,185)</u>
NET CAPITAL	<u>\$ 33,203</u>
COMPUTATION OF NET CAPITAL REQUIREMENTS	
Minimum net aggregate indebtedness - 6-2/3% of net aggregate indebtedness	<u>\$ 699</u>
Minimum dollar net capital required	<u>\$ 5,000</u>
Net Capital required (greater of above amounts)	<u>\$ 5,000</u>
EXCESS CAPITAL	<u>\$ 28,203</u>
Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)	<u>\$ 32,155</u>
COMPUTATION OF AGGREGATE INDEBTEDNESS	
Total liabilities net of deferred income taxes payable and deferred income	<u>\$ 10,486</u>
Percentage of aggregate indebtedness to net capital	32%
The following is a reconciliation of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 179-5(d)(4):	
NET CAPITAL PER COMPANY'S COMPUTATION	\$ 40,208
VARIANCE -	
Cash account adjustment	202
Accrued professional fees	(7,205)
Rounding	<u>(2)</u>
NET CAPITAL PER AUDITED REPORT	<u>\$ 33,203</u>

See Accompanying Notes to Financial Statements

NEXA SECURITIES, INC.
NON-ALLOWABLE ASSETS
DECEMBER 31, 2004

NON-ALLOWABLE ASSETS

Deposits and other assets	\$	5,753
Deposits - rent		4,320
Furniture, fixtures and equipment net of depreciation of \$8,402		1,123
Intangible assets net of amortization of \$48,611		<u>65,989</u>
Total Non-Allowable Assets	<u>\$</u>	<u>77,185</u>

See Accompanying Notes to Financial Statements

PART II

NEXA SECURITIES, INC.

STATEMENT OF INTERNAL CONTROL

DECEMBER 31, 2004

ELIZABETH CERTIFIED
TRACTENBERG PUBLIC
ACCOUNTANT

Report of Independent Accountant
on Internal Accounting Control Required by SEC Rule 17a-5

Board of Directors
Nexa Securities, Inc.
Pasadena, California

In planning and performing my audit of the financial statements of Nexa Securities, Inc. (hereafter referred to as the "Company") for the year ended December 31, 2004, I have considered its internal control structure, including procedures for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my 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, I have made a study of the practice and procedures (including tests of compliance with such practices and procedures) followed by the Company that I considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (aggregate debts) and net capital under rule 17a-5(a)(11) and for determining compliance with the exemptive provisions of Rule 15c-3. I did not review the practice and procedures followed by the Company: (1) in making the quarterly securities examinations, counts, verifications, and comparisons, and recordation of differences required by Rule 17a-13; (2) in complying with the Governors of Federal Reserve System; or (3) in obtaining and managing physical possession or control of all fully paid and excess margin securities of customers, 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 structures 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 internal control structure policies and procedures and of the practice 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 an internal control structure and the practices and procedures are to provide responsibility and safeguard against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in accordance with generally accepted accounting principles.

Board of Directors
Nexa Securities, Inc.
Pasadena, California

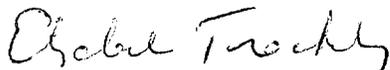
Rule 171-5(g) lists additional objectives of the practice and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities 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 degree of compliance with them may deteriorate.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weakness under the 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 the errors or irregularities in amounts that would be material in relationship 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, I noted no matters involving the accounting system and control procedures that I considered to be material weaknesses as defined above. In addition, the Company was in compliance with the exemptive provisions of Rule 15c3-3 as of December 31, 2004 and no facts came to my attention indicating that such conditions had not been complied with during the year then ended.

I understand that the 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 my study, I believe that the Company's practices and procedures were adequate at December 31, 2004 to meet the Commission's objectives.

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



Elizabeth Tractenberg, CPA
Los Angeles, California
February 8, 2004