

SEC



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

SEC FILE NUMBER  
8- 24784

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 01/01/06 AND ENDING 12/31/06  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Certigroup, Inc.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY  
FIRM I.D. NO.

8302 Gulf of Mexico Blvd.  
(No. and Street)

Marathon Florida  
(City) (State)

33050  
(Zip Code) **PROCESSED**  
**MAR 15 2007**

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Norman Werbner 1-800-324-6982  
(Area Code - Telephone Number)

**THOMSON  
FINANCIAL**

**B. ACCOUNTANT IDENTIFICATION**

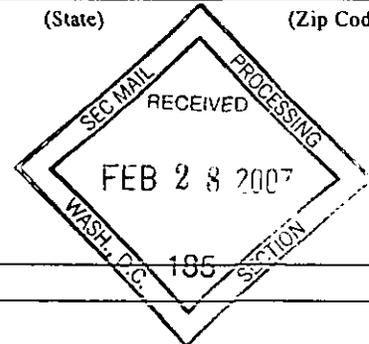
INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

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

10943 N. Sam Houston Pkwy. W. #150 Houston, TX 77064  
(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)

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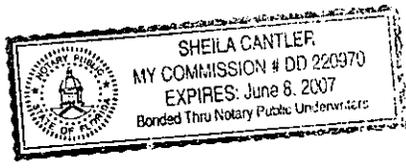
OATH OR AFFIRMATION

I, Norman Werbner, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Certigroup, Inc., as of December 31, 2006, 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]  
Signature

President  
Title

[Signature] 2/27/07  
Notary Public

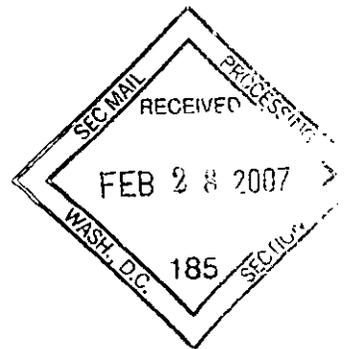


This report \*\* contains (check all applicable boxes):

- (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 15c3-1 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).

**CERTIGROUP, INC.**  
**BALANCE SHEETS**  
December 31, 2006 and 2005



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# KOLKHORST & KOLKHORST

CERTIFIED PUBLIC ACCOUNTANTS

10943 N. SAM HOUSTON PKWY., W., SUITE 150  
HOUSTON, TEXAS 77064

(281) 477-9100  
FAX: (281) 477-9191

## Independent Auditors' Report

February 22, 2007

To the Board of Directors  
Certigroup, Inc.  
Marathon, Florida

We have audited the accompanying balance sheets of Certigroup, Inc. as of December 31, 2006 and 2005. These balance sheets are the responsibility of the Company's management. Our responsibility is to express an opinion on these balance sheets based on our audit.

We conducted our audit 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 audit provides a reasonable basis for opinion.

In our opinion, the balance sheets referred to above present fairly, in all material respects, the financial position of Certigroup, Inc. as of December 31, 2006 and 2005 in conformity with the accounting principles generally accepted in the United States of America.

*Kolkhorst & Kolkhorst*

CERTIFIED PUBLIC ACCOUNTANTS

**CERTIGROUP, INC.**

**BALANCE SHEETS**

**ASSETS**

|   | <u>December 31,</u> |                   |
|---|---------------------|-------------------|
|   | <u>2006</u>         | <u>2005</u>       |
| Current assets:   |                     |                   |
| Cash and cash equivalents, including interest bearing deposits of \$21,389 in 2006 and \$92,737 in 2005 | \$ 100,588          | \$ 138,013        |
| Accounts receivable   | 21,288              | 13,596            |
| Prepaid interest  | -0-                 | 5,250             |
| Total current assets  | <u>121,876</u>      | <u>156,859</u>    |
| Other assets  |                     |                   |
| Certificates of deposit   | 293,638             | 227,938           |
| Prepaid insurance   | 20,338              | 22,880            |
| Total other assets  | <u>313,976</u>      | <u>250,818</u>    |
| Property and equipment  | 13,662              | 13,662            |
| Less accumulated depreciation   | (10,746)            | (9,789)           |
| Total property and equipment  | <u>2,916</u>        | <u>3,873</u>      |
| Total assets  | \$ <u>438,768</u>   | \$ <u>411,550</u> |

**LIABILITIES AND STOCKHOLDER'S EQUITY**

|   |                   |                   |
|---|-------------------|-------------------|
| Current liabilities   |                   |                   |
| Accounts payable  | \$ -0-            | \$ 2,478          |
| Long-term debt  |                   |                   |
| Subordinated debentures   | <u>350,000</u>    | <u>350,000</u>    |
| Total liabilities   | <u>350,000</u>    | <u>352,478</u>    |
| Stockholder's equity :  |                   |                   |
| Common stock of \$.01 par value; 100,000 shares authorized , issued and outstanding | 10,000            | 10,000            |
| Retained earnings   | <u>78,768</u>     | <u>49,072</u>     |
| Total stockholder's equity  | <u>88,768</u>     | <u>59,072</u>     |
| Total liabilities and stockholder's equity  | \$ <u>438,768</u> | \$ <u>411,550</u> |

See independent auditors' report and accompanying notes to financial.

**CERTIGROUP, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

Note 1 – **General Information and Significant Accounting Policies**

**Organization**

Certigroup, Inc. (the “Company”) is a registered broker and dealer in securities under the Securities Exchange Act of 1934 (the “ACT”). The Company changed names effective January 13, 1998 from Norman Werbner Investments, Inc. The Company is based in Marathon, Florida and operates throughout the United States.

**Use of Estimates in the Preparation of Financial Statements**

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.

**Cash and Cash Equivalents**

For purposes of the classified balance sheet and the statements of cash flows, the Company considers all highly liquid investments, with a maturity of three months or less, to be cash equivalents.

**Revenues**

The Company’s primary source of revenues is from the placement of certificates of deposit and the management of portfolios. Revenues and related expenses are recorded upon completion and submission of all applicable agreements.

**Accounts Receivable**

The Company records an allowance for uncollectible accounts receivable when management determines that full collection may be doubtful. Company management is not aware of any significant concentrations of credit or market risk related to receivables or other financial instruments reported in these financial statements.

**Property, Equipment and Depreciation**

Property and equipment are carried at cost. Depreciation is computed using the straight-line method, based on the estimated useful lives of the related assets. Fully depreciated assets are carried on the books until the date of disposal or retirement. Depreciation for the years ending December 31, 2006 and December 31, 2005 amounted to \$957 and \$788, respectively.

**CERTIGROUP, INC**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**Note 2 – Election Under Subchapter S**

The absence of a provision for income taxes at December 31, 2006 and 2005 is due to the election by the Company, and consent by its stockholders, to include their respective shares of taxable income of the Company in their individual tax returns. As a result, no federal income tax is imposed on the Company. This election under Subchapter S of the Internal Revenue Code was effective March 1, 2002.

**Note 3 – Stockholder Equity**

In accordance with Rule 15c3-1 of the 1934 SEC Act, the Company is required to maintain net capital, as defined, such that the Company's aggregate indebtedness, as defined, shall not exceed fifteen times its net capital. The Company must also maintain net capital, as defined, of at least \$250,000 for 2006 and \$250,000 for 2005. The Company was in compliance with both requirements at December 31, 2006 and 2005, and for the years then ended.

**Note 4 – Subordinated Debentures**

Norman Werbner, the 100% shareholder, sole director and President of Certigroup, Inc., entered into a subordinated loan agreement for the equity capital with the Company on June 17, 1998, whereby Mr. Werbner loaned the Company \$100,000. The NASD accepted the provisions of the subordinated loan agreement for equity capital effective July 18, 1998. Interest at 18% on the loan is payable monthly and the loan matures December 31, 2008.

Mr. Werbner entered into an additional subordinated loan agreement for the equity capital with the Company on November 29, 2004, whereby Mr. Werbner loaned the Company an additional \$250,000. The NASD accepted the provisions of this subordinated loan agreement for equity capital effective December 15, 2004. Interest at 18% on the loan is payable monthly and the loan matures December 31, 2008.

**Note 5 – Prepaid Insurance**

The prepaid insurance at December 31, 2006 and 2005 represents the purchase by the Company of a long term health care policy for the shareholder. Each year a portion of this policy is amortized and distributed to the shareholder.

*END*