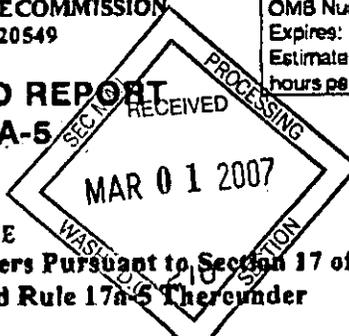




UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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



SEC FILE NUMBER  
8-48347

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: The Jugano Group Incorporated

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
650 Poydras St. - Ste. 1400

New Orleans LA 70130-6116  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Amir Mireskandari 504-529-9752

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Charles F. Webb, CPA

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

616 Baronne Street-Ste. 205 New Orleans LA 70113  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED

APR 04 2007  
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)

SEC 1410 (06-02)

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Handwritten signature: Kt 3/30/07



## **INDEPENDENT AUDITOR'S REPORT**

The Lugano Group Incorporated  
650 Poydras Street - Ste. 1400  
New Orleans, LA 70130-6116

I have audited the accompanying statement of financial condition of The Lugano Group Incorporated as of December 31, 2006 and the related statements of income, changes in stockholder's equity, changes in liabilities subordinated to claims of general creditors and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. 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 generally accepted auditing standards. 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 the financial statements referred to above present fairly, in all material respects, the financial position of The Lugano Group Incorporated at December 31, 2006 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As described in Notes 5, in July 2005 the Company was sanctioned by its regulatory agency for certain non-financial violations. The possible effects of these conditions and events raise substantial doubt regarding its ability to continue as a going concern. Management plans in regard to these matters are described in Note 6. The financial statements do include an adjustment to provide for the outcome of this uncertainty.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. These schedules are the responsibility of the Company's management. Such schedules have been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.



Charles F. Webb  
Certified Public Accountant

February 27, 2007

**THE LUGANO GROUP, INCORPORATED**  
**STATEMENT OF FINANCIAL CONDITION**  
December 31, 2006

**ASSETS**

Cash and cash equivalents	\$152
Other receivable	19,220
Securities at market value	30,790
Secured demand notes collateralized by investments	12,231
Furniture and equipment, net of accumulated depreciation of \$12,432	
Organization Cost, net of accumulated amortization of \$12,420	
<b>Total Assets</b>	<b>\$62,393</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**LIABILITIES**

Note payable - Noncurrent	\$1,200
NASD settlement payable	25,000
	<u>26,200</u>

**SUBORDINATED LIABILITIES**

Liabilities subordinated to the claims of general creditors	<u>13,000</u>
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**STOCKHOLDERS' EQUITY**

Common stock, \$1.00 par value, 10,000 authorized, 100 shares issued and outstanding	100
Contributed capital	48,517
Retained earnings	(25,424)
	<u>23,193</u>

<b>Total Liabilities and Stockholders' Equity</b>	<b>\$62,393</b>
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See notes to financial statements.

END