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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
8-43182

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 July 1, 2005 AND ENDING June 30, 2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Redwood Securities Group, Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
600 California Street., Suite 520
(No. and Street)

OFFICIAL USE ONLY
FIRM I.D. NO.

San Francisco California 94108-2408
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Aditya B. Mukerji 415-352-3710
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Brian W. Anson, CPA
(Name - if individual, state last, first, middle name)

18425 Burbank Blvd. # 606 Tarzana California 91356
(Address) (City) (State) (Zip Code)

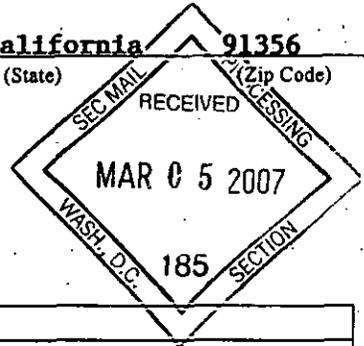
CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or an offshore jurisdiction.

PROCESSED

APR 11 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)

AB
4/10

OATH OR AFFIRMATION

I, Aditya B. Mukerji, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Redwood Securities Group, Inc., as of February 22, 2007, 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:

Aditya B. Mukerji
Signature

President & C.E.O.
Title

[Signature]
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).

BRIAN W. ANSON

Certified Public Accountant
18425 Burbank Blvd., #606
Tarzana, CA 91356
(818) 401-8800 Fax (818) 401-8818

February 22, 2007

Mr. Aditya Mukerji, President
Redwood Securities
600 California Street #520
San Francisco, CA 94108

RE: Special Financial Examination No. 20070077738
June 30, 2006, Annual filing of Audited Financial Statements

Dear Mr. Mukerji:

I am writing this letter to explain the differences as requested by the NASD pertaining to your annual audited financial statements for the year ended June 30, 2006.

1. The Cash Flow Statement now shows the correct "Net cash provided by financing activities" amount of \$144,925 (copy enclosed).
2. The Statement of Net Capital Schedule 1, has now been corrected to reflect the minimum net capital amount of \$100,000, which was the amount at June 30, 2006 (copy enclosed).

I am also including backup to reflect Additional Paid in Capital on the financials in the amount of \$144,925. My first draft of the submitted financials reflected an amount of \$197,050, based upon your general ledger and material backup you provided me. Upon discovery that the subordinated loan should have been reclassified from additional paid in capital to subordinated loan as a liability in the amount of \$52,125. This would have brought the correct ending balance in additional paid in capital to \$144,925, which has now been corrected. These are the only amounts that I was provided with for the audit. I do not find where the FOCUS filing of \$246,250 has been reflected.

Page 2

In terms of my additional testing, subsequent to my fieldwork, I reviewed the results of the firm's search for unrecorded liabilities and felt that no additional accruals were required. There was some discussion in reference to the subordinated loan in order to give the firm time to convince the loan-holder to convert this amount to equity but this amount stood as a liability.

Should you have any questions, or require additional information, feel free to contact me.

Sincerely,

Brian W. Anson, CPA

Enclosures

cc: Ms. Brienne Dickman, Senior Compliance Officer
NASD
One Montgomery Street Suite 2100
San Francisco, CA 94101
w/enclosures

Redwood Securities
 General Ledger
 July 2005 - April 2006

Date	Type	Num	Name	Memor/Description	Split	Amount	Balance	
07/29/2005	Check	1302	LOUISSE BARRETT		Wells Fargo Bank-Operating Accl.	-23,000.00	481,170.00	
07/29/2005	Deposit				Bank of America	23,000.00	481,170.00	
08/01/2005	Check				Am Continental Bank	6,000.00	487,170.00	
09/01/2005	Check	8025	CAROL LEE	repayment	Am Continental Bank	-23,000.00	467,170.00	
09/05/2005	Deposit		CAROL LEE	capital infusion	Am Continental Bank	1,800.00	468,970.00	
09/30/2005	Deposit		CAROL LEE	capital infusion	Am Continental Bank	10,000.00	478,970.00	
01/30/2006	Deposit		CAROL LEE	capital infusion	Am Continental Bank	100,000.00	578,970.00	
04/30/2006	Journal	51		To record SDN collateral as equity	-SPLIT.	104,250.00	683,220.00	
Total for Paid in Capital							197,050.00	

REDWOOD SECURITIES GROUP, INC.

Statement of Net Capital
Schedule I
June 30, 2006

	Focus 06/2006	Audit 06/2006	Change
Stockholders' equity, June 30, 2006	\$222,127	\$222,127	\$0
Subtract - Non allowable assets:			
Fixed assets	40,205	40,205	0
Advances	44,887	44,887	0
Other assets	68,869	68,869	0
Tentative net capital	68,166	68,166	0
Haircuts:	0	0	
NET CAPITAL	68,166	68,166	0
Minimum net capital	(100,000)	(100,000)	
Excess net capital	(31,834)	(31,834)	0
Aggregate indebtedness	92,845	92,845	0
Ratio of aggregate indebtedness to net capital	1.36	1.36	

There were no noted differences between the Audit and Focus filed for June 30, 2006.

The accompanying notes are an integral part of these financial statements.

REDWOOD SECURITIES GROUP, INC.

Statement of Cash Flows
For the year ended June 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss	\$ (106,796)
Adjustment to reconcile net loss to net cash used in operating activities:	
Depreciation	10,000
(Increase) decrease in:	
Investment	(110,923)
Commissions receivable	3,293
Advances	9,215
Secured demand notes, collateralized by cash	104,250
Other assets	(39,205)
Increase (decrease) in:	
Accounts payable	(110,699)
Payable to clearing firm	54,361
Salaries payable	15,426
Income taxes payable	(300)
Liabilities subordinated to claims of general creditors	<u>(104,250)</u>
 Total adjustments	 <u>(168,832)</u>
 Net cash used in operating activities	 <u>(275,628)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Capital contributions	144,925
 Net cash provided by financing activities	 <u>144,925</u>
 Decrease in cash	 (130,703)
 Cash at beginning of year	 <u>186,630</u>
 Cash at end of year	 <u>\$ 55,927</u>

Interest	\$6,255
Income taxes	\$0

The accompanying notes are an integral part of these financial statements.

W/1/1/06

April 7, 2006
4pm

CORPORATE BOARD MEETING AGENDA – REDWOOD SECURITIES GROUP, INC.

San Francisco Branch Office

Meeting called by:	Officers/Members of the Board	Type of meeting:	Notification and acknowledgment that the two subordinated debenture notes matured on March 30, 2006. Cash proceeds (combined total of \$104,250.00) are sitting in their respective Firm accounts.
Facilitator:	Andy Mukerji, President & CEO	Note taker:	Carol Lee
Timekeeper:	Joseph Mann		
Attendees:	Andy Mukerji, Carol Lee (by phone), Joseph Mann (by phone)		
Please read:			
Please bring:			

AGENDA ITEMS

Topic	Presenter(s)	Time allotted
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Notification and acknowledgment that the two subordinated debenture notes matured on March 30, 2006. Cash proceeds (combined total of \$104,250.00) are sitting in their respective Firm accounts.	Andy Mukerji	18 minutes
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Mikes T/W ROR

11-11-2007 03:37P FROM:

Special Board Meeting Minutes
Redwood Securities Group, Inc.

04/07/2006

4 Jan

San Francisco Branch

Meeting called by: Members of the Board Type of meeting: Special
Facilitator: Andy Mukerji Note taker: Carol Lee
Timekeeper: Joseph Mann
Attendees: Andy Mukerji, Carol Lee (by phone), Joseph Mann (by phone)

Please read:
Please bring:

Minutes

Agenda Item: Special Board Meeting Presenter: Andy Mukerji
Discussion: Subordinated Debenture Notes (SDN)

Conclusions: Notified Board that the 2 SDN held by Redwood Securities Group, Inc. have matured. Cash proceeds from each SDN (combined total of \$104,280.00) are sitting in cash in their respective Firm accounts.

Action Items	Person responsible	Deadline
✓		
✓		
✓		
✓		

Agenda Item:
Discussion:

Conclusions:

Action Items	Person responsible	Deadline
✓		
✓		

AC 1/1/06

1/26/06
4pm

CORPORATE BOARD MEETING AGENDA – REDWOOD SECURITIES GROUP, INC.

City of Industry Branch Office

Meeting called by:	Officers/ Members of the Board	Type of meeting:	Special Board Meeting and acceptance of capital contribution (teleconference)
Facilitator:	Andy Mukerji, President & CEO	Note taker:	Nicole Lin
Timekeeper:	Joseph Mann		
Attendees:	Andy Mukerji (by phone), Carol Lee, Joseph Mann		
Please read:			
Please bring:			

AGENDA ITEMS

Topic	Presenter(s)	Time allotted
✓ Acknowledgement/Acceptance of capital contribution	Andy Mukerji/ Carol Lee	15 minutes
✓		
✓		
✓		
✓		
✓		
✓		
✓		

OTHER INFORMATION

Observers:

Resolutions:

**Special Board Meeting Minutes
Redwood Securities Group, Inc.**

1/26/06

4pm

COA Branch

Meeting called by: Members of the Board Type of meeting: Special
Facilitator: Andy Mukerji Note taker: Nicole Liu
Timekeeper: Joseph Mann
Attendees: Andy Mukerji (by phone), Carol Lee, Joseph Mann

Please read:

Please bring:

Minutes

Agenda item: Special Board Meeting Presenter: Andy Mukerji
Discussion: Investment in Redwood Securities' Treasury Account

Conclusions: Acknowledged and accepted Carol Lee's capital infusion of \$100,000.00

Action Items	Person responsible	Deadline
✓		
✓		
✓		
✓		

Agenda item:

Discussion:

Conclusions:

Action Items	Person responsible	Deadline
✓		
✓		
✓		
✓		

Agenda Item:

Presenter:

Discussion:

Conclusions:

Action Items

Person responsible

Deadline

✓

✓

✓

✓

Agenda Item:

Presenter:

Discussion:

Conclusions:

Action Items

Person responsible

Deadline

✓

✓

✓

✓

Other Information

Observers:

Resources:

Special notes:

FAX 1/30/06

REDWOOD SECURITIES CORP

2006

WEN C. HONG
CAROL LEE
1818 GRAND AV W.
ALHAMBRA, CA 91801

DATE 1/30/06

1100

REF TO THE NUMBER OF REDWOOD SECURITIES GROUP'S 100,000

ONE HUNDRED THOUSAND & 00/100

Bank of America

TYPE OF CHECK

11201506

⑆ 2 1000358168 240139453999 ⑆ 100

CHECKING DEPOSIT American Continental Bank

NAME REDWOOD SECURITIES GROUP INC CURRENCY

SIGNATURE [Signature] DATE 30th JAN 06 11-75 100000

DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL.
Checks and other items are processed in 3 business days subject to the terms and conditions of the bank's standard agreements.

ACCOUNT NUMBER 11201506

100000

⑆ 08542224 ⑆



American Continental Bank

Transaction Receipt

Bank will accept all your bank checks
your weekly deposits as well as your
Tellers machine deposit slips your Account Number,
Transaction Number, Address, Card Branch and Other Number
Account shown on this receipt is based on your records only
It and all items are subject to our terms
by our paid agreement and program

47068-28

Master FILE

Account # 10000000000000000000
Account: 00000000000000000000
Transaction 0024 by WCA
Received 1/30/2006 at 03:04PM
to drawer 000 on 1/30/2006 business.
Thank You for banking with
American Continental Bank!

ACB-001

END