

SECURITIES



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

CM

SEC FILE NUMBER
8-34448

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 10/01/2006 AND ENDING 09/30/2007
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Financial West Investment Group, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
4510 E Thousand Oaks Blvd.

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

<u>Westlake Village</u>	<u>CA</u>	<u>91362</u>
(City)	(State)	(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Gene C Valentine 805-497-9222

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Lederman Zeidler & Gray

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

<u>9107 Wilshire Blvd. #260</u>	<u>Beverly Hills</u>	<u>CA</u>	<u>90210</u>
(Address)	(City)	(State)	(Zip Code)

CHECK ONE:

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

PROCESSED
JAN 17 2008
THOMSON FINANCIAL

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*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)

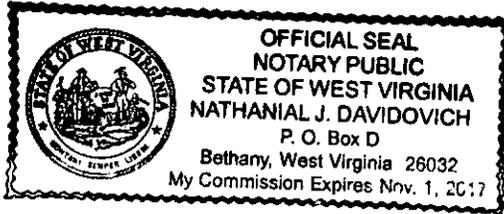
OATH OR AFFIRMATION

I, Gene C Valentine, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Financial West Investment Group, Inc., as of September 30, 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:

[Signature]
Signature

Gene C Valentine, CEO
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).

**FINANCIAL WEST INVESTMENT
GROUP, INC.**

Financial Statements and Supplementary
Information with
Independent Auditors' Report

September 30, 2007

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LEDERMAN, ZEIDLER, GRAY & CO., LLP

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INDEPENDENT AUDITORS' REPORT

Board of Directors
FINANCIAL WEST INVESTMENT GROUP, INC.
Thousand Oaks, California

We have audited the accompanying statement of financial condition of Financial West Investment Group, Inc., as of September 30, 2007 and the related statements of income, 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 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 our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Financial West Investment Group, Inc., as of September 30, 2007 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in detail in Note 6 to the financial statements, the Company is a defendant in a group of lawsuits involving potential investor losses. The Company's legal counsel has indicated that the cases are in the beginning stages of discovery and that the Company has meaningful legal and factual defenses to the claims. The ultimate outcome of the lawsuits cannot presently be determined. Accordingly, no provision for any liability that may result has been made in the financial statements.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II 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 Act of 1934. Such information has been subjected to the auditing procedures applied in the audit 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.

Lederman, Zeidler, Gray & Co., LLP
Certified Public Accountants

Beverly Hills, California
November 27, 2007

FINANCIAL WEST INVESTMENT GROUP, INC.
STATEMENT OF FINANCIAL CONDITION
SEPTEMBER 30, 2007

ASSETS

Cash	\$ 1,344,746
Commissions receivable	880,265
Marketable securities, owned	72,791
Prepaid expenses	36,754
Note receivable from related party	207,582
Other receivables	31,904
Deposits	<u>10,000</u>
Total assets	<u>\$ 2,584,042</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Accounts payable	\$ 121,579
Commissions payable	1,329,579
Accrued expenses	385,048
Payable to brokerage account	38,404
Income taxes payable	<u>13,036</u>
Total liabilities	<u>1,887,646</u>
Stockholder's Equity	
Common stock, no par value	
Authorized - 10,000 shares	
Issued and outstanding - 2,500 shares	125,000
Paid-in capital	398,278
Retained earnings	<u>173,118</u>
Total stockholder's equity	<u>696,396</u>
Total liabilities and stockholder's equity	<u>\$ 2,584,042</u>

The accompanying notes are an integral part of these financial statements

FINANCIAL WEST INVESTMENT GROUP, INC.
STATEMENT OF INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Revenue	
Commissions	\$ 37,105,795
Interest and dividends	794,164
Other	<u>1,253,647</u>
	<u>39,153,606</u>
Expenses	
Commissions and clearing charges	33,529,736
Employee compensation and benefits	4,211,651
Dues and licensing costs	453,793
Communications	56,460
Occupancy	340,172
Settlement expense	59,361
Interest expense	6,011
Legal	191,789
Management fees	127,000
Other operating expenses	<u>133,426</u>
	<u>39,109,399</u>
Income before provision for income taxes	44,207
Provision for income taxes	
Current tax expense	<u>13,836</u>
Net income	\$ <u>30,371</u>

The accompanying notes are an integral part of these financial statements

FINANCIAL WEST INVESTMENT GROUP, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Common Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, October 1, 2006	\$ 125,000	\$ 398,278	\$ 142,747	\$ 666,025
Net income	<u> -</u>	<u> -</u>	<u>30,371</u>	<u>30,371</u>
Balance, September 30, 2007	<u>\$ 125,000</u>	<u>\$ 398,278</u>	<u>\$ 173,118</u>	<u>\$ 696,396</u>

The accompanying notes are an integral part of these financial statements

FINANCIAL WEST INVESTMENT GROUP, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Operating activities:	
Net income	\$ 30,371
(Increase) decrease in assets:	
Commissions receivable	8,046
Marketable securities	114,607
Prepaid expenses	15,769
Other receivables	22,807
Note receivable from related party	(125,816)
Deposits	-
Increase (decrease) in liabilities:	
Accounts payable	61,932
Commissions payable	(307,414)
Accrued expenses	79,570
Income taxes payable	<u>13,036</u>
Net cash used by operating activities	<u>(87,092)</u>
Financing activities:	
Increase in payable to brokerage account	<u>21,329</u>
Net cash provided by financing activities	<u>21,329</u>
Decrease in cash	(65,763)
Cash, beginning of year	<u>1,410,509</u>
Cash, end of year	<u>\$ 1,344,746</u>
Cash paid during the year:	
Interest paid	<u>\$ 6,011</u>
Income taxes paid	<u>\$ 800</u>

The accompanying notes are an integral part of these financial statements

FINANCIAL WEST INVESTMENT GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

1. Summary of significant accounting policies

Nature of business - The Company is a non-clearing fully disclosed broker-dealer engaged in the sale of general securities to investors. The Company does not hold securities for customers. All funds belonging to customers are held in cash accounts earmarked for holding customer funds. The Company is a 100%-owned subsidiary of Paradox Holdings, Inc.

Cash - For purposes of reporting cash flows, cash and cash equivalents include cash in banks and cash held at the Company's clearinghouses.

Marketable securities - Management determines the appropriate classification of securities at the date individual investment securities are acquired. Trading securities are reported at fair values with unrealized gains and losses included in operations. The Company's marketable securities consist of bonds, stocks, stock mutual fund investments and are classified as trading securities.

Estimates and assumptions - In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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 these estimates. The estimates include fair value of financial instruments.

Fair value of financial instruments - The carrying value is a reasonable estimation of the fair value for cash, marketable securities and other investments, and receivables and payables.

2. Related party transactions

The Company maintains a broker/dealer professional liability insurance policy through an insurance company that is 100% owned by Paradox Holdings, Inc. (parent company of Financial West Investment Group, Inc.).

Paradox Holdings, Inc., the 100% shareholder of the Company, received management fees from the Company in the amount of \$127,000 during the current year.

The Company leases its office space under operating leases from the principal stockholder of Paradox Holdings, Inc. Rental payments for the current year were \$240,000.

FINANCIAL WEST INVESTMENT GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

2. Related party transactions (continued)

The following is a schedule of future minimum rental payments due to the principal stockholder of Paradox Holdings, Inc., exclusive of property taxes, insurance, and increases under the lease based on increases in the consumer price index:

October 1, 2007 - September 30, 2008	\$ 240,000
October 1, 2008 - September 30, 2009	240,000
October 1, 2009 - September 30, 2010	240,000
October 1, 2010 - September 30, 2011	240,000
October 1, 2011 - September 30, 2012	240,000
Thereafter	<u>1,920,000</u>
	<u>\$ 3,120,000</u>

3. Commitments

The Company is obligated under the terms of certain non-cancelable operating leases for office and other equipment. Expense for the period ended September 30, 2007 was \$88,824. The following is a schedule of future minimum rental payments:

<u>Year ending</u>	
September 30, 2008	\$ 63,578
September 30, 2009	40,291
September 30, 2010	<u>40,291</u>
	<u>\$ 144,160</u>

4. Note receivable from related party

Note receivable from officer, due on demand with interest at 7%	<u>\$ 207,582</u>
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FINANCIAL WEST INVESTMENT GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

5. Net capital requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At September 30, 2007, the Company had net capital of \$391,467, which was \$265,624 in excess of its required net capital of \$125,843. The Company's ratio of aggregate indebtedness to net capital, as defined, was 4.52 to 1.

6. Litigation

The Company is the subject of 12 separate lawsuits involving a group of affiliated investments sold by a registered representative of the Company. The Company that sponsored these investments is currently in bankruptcy under Chapter 11 of the U.S. Bankruptcy Code. The claimants allege the investments were unsuitable and that they were sold by means of misrepresentations or omissions made by the Company's registered representative and that the Company is liable for misconduct by the registered representative. Claims asserted against the Company and other defendants are substantially in excess of the Company's insurance coverage. The Company's legal counsel has indicated that they believe that the amount of asserted claims is inaccurate due to recovery by the investors.

The ultimate outcome of these lawsuits cannot presently be determined. Therefore, no provision for any liability that may result from these actions has been made in the financial statements.

The Company incurred settlement expenses to resolve various investor disputes in the amount of \$59,361 during the year. The Company has not accrued any expense for pending legal disputes in addition to the above mentioned lawsuits because the outcome cannot be determined at this time. The Company maintains broker/dealer professional liability insurance to cover actions brought by customers against the Company. This policy is provided by a 100% owned subsidiary of the parent of Financial West Investment Group, Inc. Policy limits are \$250,000 per occurrence, \$1,000,000 per licensed representative, with an annual policy aggregate limit of \$2,000,000 and a \$15,000 deductible per occurrence.

In addition, the Company maintains a supplemental policy of broker/dealer professional liability insurance with an unrelated insurance company. Policy limits are \$750,000 per occurrence, \$750,000 per licensed representative with a maximum policy aggregate limit of \$750,000.

FINANCIAL WEST INVESTMENT GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

6. Litigation (Continued)

The Company maintains coverage under a fidelity bond policy. The policy covers loss against dishonesty by employees or registered representatives of the Company. Policy limits are \$1,000,000 with a \$20,000 deductible.

7. Financial instruments with off-balance sheet risk

The Company has cash deposits in excess of federal insured limits.

8. Retirement plan

The Company maintains a retirement plan in accordance with Section 401(k) of the Internal Revenue Code. Under the terms of this plan, eligible employees make voluntary contributions to the extent allowable by law. The Company made no payments on behalf of employees to this plan for the year ended September 30, 2007.

9. Income taxes

The Company accounts for income taxes in accordance with the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."

The Company files a consolidated income tax return with its parent company. Federal and state income taxes are calculated as if the Company filed a separate income tax return. The current portion of the income tax expense included in the statement of income is as follows:

	<u>Current</u>
Federal	\$ 7,763
State	<u>6,073</u>
Total	<u>\$13,836</u>

FINANCIAL WEST INVESTMENT GROUP, INC.
 SCHEDULE I
 COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
 OF THE SECURITIES AND EXCHANGE COMMISSION
 SEPTEMBER 30, 2007

Net capital

Total stockholder's equity \$ 696,396

Deductions and/or charges

Non-allowable assets

Prepaid expenses 36,754

Notes receivable from related party 207,581

Other receivables 31,903

Deposits 10,000

Net capital before haircuts on securities 410,158

Haircuts on securities 18,691

Net capital \$ 391,467

Aggregate indebtedness

Total aggregate indebtedness \$ 1,887,646

Computation of basic net capital requirement

Minimum net capital required \$ 125,843

Excess net capital \$ 265,624

Ratio: Aggregate indebtedness to net capital 4.82 to 1

Reconciliation with Company's computation

(included in Part II of Form X-17A-5 as of September 30, 2005)

Net capital, as reported in Company's Part II (unaudited)

Focus report \$ 403,160

Net audit adjustments

Net increase in commission receivable 7,940

Net increase in accounts payable and accrued expenses (17,098)

Net increase in income taxes payable (2,535)

Net capital per above \$ 391,467

FINANCIAL WEST INVESTMENT GROUP, INC.
SCHEDULE II
RESERVE AND POSSESSION OR CONTROL REQUIREMENTS UNDER RULE 15c3-3
OF THE SECURITIES AND EXCHANGE COMMISSION
SEPTEMBER 30, 2007

The Company is in compliance with the conditions of exemption from the reserve and possession or control requirements under the provisions of Rule 15c3-3 (k)(2)(ii) of the Securities Exchange Act of 1934.

LEDERMAN, ZEIDLER, GRAY & Co., LLP

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL STRUCTURE REQUIRED BY SEC RULE 17a-5**

Board of Directors
FINANCIAL WEST INVESTMENT GROUP, INC.
Westlake Village, California

In planning and performing our audit of the financial statements of Financial West Investment Group, Inc., for the year ended September 30, 2007, we considered its internal control structure, including procedures 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 the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Financial West Investment Group, Inc., that we considered relevant to the objectives stated in rule 17a-5(g)(1) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of rule 15c3-3. We did not review the practices and the procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13 or in 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, 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 structure 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 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 an internal control structure 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 that transactions are executed in accordance with management's authorization and recorded properly to permit 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 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 effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 the internal control structure, including procedures for safeguarding securities, which 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 September 30, 2007 to meet the Commission's objectives.

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

Lederman, Zeidler, Gray & Co., LLP

Beverly Hills, California
November 27, 2007

END

Certified Public Accountants