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

(A)

SEC FILE NUMBER
8- 52756

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 1/1/07 AND ENDING 12/31/07  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: ~~Granite Securities, LLC~~ Obsidian Financial Group, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
27980 Main Road  
Cutchogue, NY 11935

(City) (No. and Street) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

**PROCESSED**  
JUL 17 2008  
**THOMSON REUTERS**

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Douglas DiDominica (631) 734-0001  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Coughlin Foundotos Cullen & Danowski, LLP  
(Name - if individual, state last, first, middle name)

1650 Route 112 Port Jefferson Station NY 11776  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

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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)

SEC 1410 (06-02)

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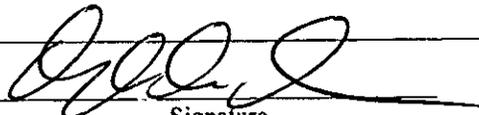
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OATH OR AFFIRMATION

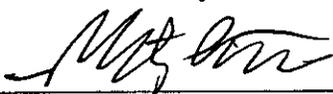
I, Douglas DiDominica, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Granite Securities, LLC, as

of December 31, 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

President  
Title

Mary LaRoos  
  
Notary Public

MICHAEL SCORTINO  
Notary Public, State of New York  
No. 01SC8144141  
Qualified in Nassau County  
Commission Expires April 24, 2010

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).

**GRANITE SECURITIES, LLC**  
December 31, 2007 and 2006

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INDEPENDENT AUDITORS' REPORT

To the Members of  
Granite Securities, LLC  
Cutchogue, New York

We have audited the accompanying balance sheets of Granite Securities, LLC as of December 31, 2007 and 2006 and the related statements of operations and members' equity and cash flows for the years then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

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 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 Granite Securities, LLC as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Coughlin Foundotos Cullen Danowski, LLP*

February 29, 2008

(Except for Note 8, as to which the date is May 13, 2008)

**GRANITE SECURITIES, LLC**  
**BALANCE SHEETS**  
December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 190,731	\$ 206,814
Commissions receivable	31,561	103,100
Loans receivable	19,066	22,696
Prepaid expenses	-	30,369
	<u>241,358</u>	<u>362,979</u>
Total Current Assets	<u>\$ 241,358</u>	<u>\$ 362,979</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable & accrued expenses	\$ 71,917	\$ 29,544
Commissions payable	108,477	100,877
Member's loan payable	237	1,111
	<u>180,631</u>	<u>131,532</u>
Total Current Liabilities	180,631	131,532
MEMBERS' EQUITY	<u>60,727</u>	<u>231,447</u>
	<u>\$ 241,358</u>	<u>\$ 362,979</u>

**GRANITE SECURITIES, LLC**  
**STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY**  
For the Years Ended December 31, 2007 and 2006

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	<u>2007</u>	<u>2006</u>
REVENUES	\$ 4,435,572	\$ 4,360,300
OPERATING EXPENSES	<u>4,612,291</u>	<u>4,307,142</u>
(Loss) Income from operations	<u>(176,719)</u>	<u>53,158</u>
OTHER INCOME		
Interest income	<u>5,999</u>	<u>14,031</u>
Total other income	<u>5,999</u>	<u>14,031</u>
NET (LOSS) INCOME	(170,720)	67,189
MEMBERS' EQUITY, BEGINNING OF YEAR	<u>231,447</u>	<u>164,258</u>
MEMBERS' EQUITY, END OF YEAR	<u>\$ 60,727</u>	<u>\$ 231,447</u>

**GRANITE SECURITIES, LLC**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ (170,720)	\$ 67,189
Changes in assets and liabilities:		
Commissions receivable	71,539	(17,717)
Loans receivable	3,630	12,750
Prepaid assets	30,369	(30,369)
Accounts payable & accrued expenses	42,373	18,216
Commissions payable	7,600	17,302
	<u>(15,209)</u>	<u>67,371</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Member's loan	<u>(874)</u>	<u>-</u>
	<u>(874)</u>	<u>-</u>
Net (Decrease) Increase in Cash	(16,083)	67,371
CASH - Beginning of Year	<u>206,814</u>	<u>139,443</u>
CASH - End of Year	<u>\$ 190,731</u>	<u>\$ 206,814</u>

**GRANITE SECURITIES, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Business Activity**

Granite Securities, LLC (the "Company") was created on November 10, 1999 in the State of New York as a limited liability company for both Federal and New York State tax purposes.

The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of various exchanges and the National Association of Securities Dealers (NASD).

**b. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**c. Basis of Presentation**

The Company is engaged in a single line of business as a securities broker-dealer, which comprises several classes of services, including principal transactions, agency transactions and investment advisory.

**d. Commissions**

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

**e. Investment Advisory Income**

Investment advisory fees are received quarterly but are recognized as earned on a pro rata basis over the term of the contract.

**f. Statement of Cash Flows**

For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than ninety days, which are not held for sale in the ordinary course of business. There was no interest paid for the years ended December 31, 2007 and 2006.

**2. CONCENTRATIONS OF CREDIT RISKS**

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

**GRANITE SECURITIES, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**3. NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC 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 December 31, 2007, the Company had net capital of \$23,579 which was \$11,565 in excess of its required net capital of \$12,014. The Company's net capital ratio was 7.66 to 1 at December 31, 2007. At December 31, 2006, the Company had net capital of \$170,881 which was \$162,186 in excess of its required net capital of \$8,695. The Company's net capital ratio was 0.76 to 1 at December 31, 2006.

**4. INCOME TAXES**

No provision for federal and state income taxes has been made in the financial statement since the Company's profit and losses are reported on the member's tax return.

**5. RELATED PARTY TRANSACTIONS**

The Company leases office space from its member. The lease is classified as an operating lease and is renewable on a month to month basis. Rent expense was \$60,000 and \$60,000 for the years ended December 31, 2007 and 2006, respectively.

The Company pays a management fee to its member for its consulting and other office expenses. Management fee expense was \$855,000 and \$838,450 for the years ended December 31, 2007 and 2006, respectively.

**6. DISCRETIONARY SETTLEMENT**

Discretionary settlements are normal in the course of doing business. During the year ended December 31, 2007, two discretionary settlements were accrued per the recommendation of counsel to avoid incurring legal fees in excess of the discretionary settlements.

**7. PENDING LITIGATION**

One legal action has been commenced against the Company. No amount has been accrued in these financial statements since the outcome of this matter is uncertain, and since the resulting liability, if any, cannot be determined. However, it is at least reasonably possible that a liability could result in the near term.

**8. REISSUANCE OF FINANCIAL STATEMENTS**

The Company's financial statements for the year ended December 31, 2007 had to be reissued. The Company overstated accounts payable and brokerage fees and understated members' equity by \$12,800. In addition, Minimum net capital required at December 31, 2007 in the Schedules of Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission was recalculated to \$12,042 from \$5,000.

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION**

To the Members of  
Granite Securities, LLC  
Cutchogue, New York

Our report on our audit of the basic financial statements of Granite Securities, LLC for the years ended December 31, 2007 and 2006 appears on page 1. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information 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 under the Securities Exchange Act of 1934. Such information has been subjected to the 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.

*Coughlin Foundotos Cullen Danowski, LLP*

February 29, 2008

(Except for Note 8, as to which the date is May 13, 2008)

**GRANITE SECURITIES, LLC**  
**SCHEDULES OF COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE**  
**SECURITIES AND EXCHANGE COMMISSION**  
For the Years Ended December 31, 2007 and 2006

	2007	2006
<b>Net Capital</b>		
Total members' equity	\$ 60,727	\$ 231,447
Deduct stockholders' equity not allowable for net capital	-	-
Total stockholders' equity qualified for net capital	60,727	231,447
<b>Deductions and/or charges:</b>		
Nonallowable assets:		
Loans receivable	11,000	22,696
Receivables from non-customers	23,881	5,941
Securities not readily marketable	1,350	-
Prepaid expenses	-	30,369
Total deductions and/or charges	36,231	59,006
Net capital before haircuts on securities positions (tentative net capital)	24,496	172,441
Haircuts on securities	(917)	(1,560)
Net Capital	\$ 23,579	\$ 170,881
<b>Aggregate indebtedness</b>		
Items included in consolidated financial condition:		
Commissions payable to brokers and dealers	\$ 54,978	\$ 100,877
Other accounts payable and accrued expenses	125,653	29,544
Total Aggregate Indebtedness	\$ 180,631	\$ 130,421
<b>Computation of basic net capital requirement</b>		
Minimum net capital required:	\$ 12,042	\$ 8,695
Excess net capital at 150 percent	\$ -	\$ -
Excess net capital at 100 percent	\$ 11,537	\$ 162,186
Ratio: Aggregate indebtedness to net capital	766%	76%
<b>Reconciliation with Company's computation (included in Part II of Form X-17A-5 as of December 31, 2007)</b>		
Net capital, as reported in Company's Part II (unaudited) FOCUS report	\$ 62,148	\$ 167,023
Audit adjustment to record accounting fee	(5,000)	(4,500)
Audit adjustment to record lawsuit settlements	(53,499)	-
Audit adjustment to reverse prior year accruals	4,500	3,500
Audit adjustment to correct accounts payable	-	(142)
Audit adjustment to write off old receivable balance	-	5,000
Audit adjustment to write off old payable balance	12,800	-
Audit adjustment to void stale dated checks	2,630	-
Net Capital Per Above	\$ 23,579	\$ 170,881