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SECURITIES  
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SECURITIES AND EXCHANGE COMMISSION  
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BRANCH OF REGISTRATIONS  
AND  
EXAMINATIONS  
02

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

SEC FILE NUMBER  
8- [REDACTED]

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 01/01/07 AND ENDING 12/31/07  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Chicago Investment Group of Illinois, LLC.

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

190 South LaSalle Street, Suite 850

(No. and Street)

Chicago, Illinois 60603

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Richard Lynch (312) 857-2050

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Allan J. Brachman CPA, Limited

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

1 East Northwest Highway, Suite 204, Palatine, Illinois 60067

(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 21 2008**

**THOMSON  
FINANCIAL**

**FOR OFFICIAL USE ONLY**

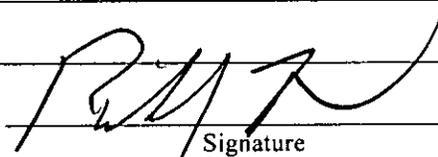
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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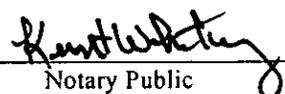
OATH OR AFFIRMATION

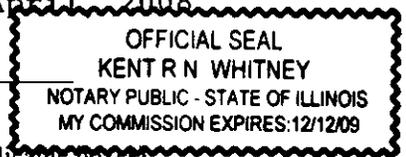
I, Richard Lynch, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Chicago Investment Group of Illinois, LLC, as of December 31, 20 07, are true and correct. I further swear (or affirm) that neither 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  
Chief Executive Officer

Subscribed and sworn to before me  
this 9th day of April, 2008

  
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).

**STATEMENT OF FINANCIAL CONDITION  
PURSUANT TO SEC RULE 17a-5(d)  
CHICAGO INVESTMENT GROUP OF ILLINOIS, LLC  
As of December 31, 2007  
AVAILABLE FOR PUBLIC INSPECTION**

**Allan J. Brachman, CPA, LTD**  
*Certified Public Accountant*  
*Professional Corporation*  
**1 East Northwest Highway  
Suite 204  
Palatine, Illinois 60067  
847-358-9730  
Fax: 847-358-9760  
E-Mail: [allan@allanbrachmancpa.com](mailto:allan@allanbrachmancpa.com)**

**CHICAGO INVESTMENT GROUP OF ILLINOIS, LLC**

**2007 FINANCIAL STATEMENTS**

**TABLE OF CONTENTS**

INDEPENDENT AUDITOR'S REPORT.....	Page 1
EXHIBIT A - Statement of Financial Condition – December 31, 2007.....	Page 2
Notes to Statement of Financial Condition – December 31, 2007.....	Page 3-6

**Allan J. Brachman, CPA, LTD**

*Certified Public Accountant*

*Professional Corporation*

**1 East Northwest Highway**

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**Palatine, Illinois 60067**

**847-358-9730**

**Fax: 847-358-9760**

Member Illinois CPA Society

**E-Mail: [allan@allanbrachmancpa.com](mailto:allan@allanbrachmancpa.com)**

Member American Institute of  
Certified Public Accountants

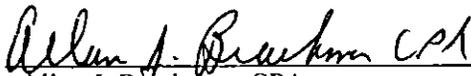
**INDEPENDENT AUDITOR'S REPORT**

**To the Member of  
Chicago Investment Group of Illinois, LLC**

I have audited the accompanying statement of financial condition of Chicago Investment Group of Illinois, LLC as of December 31, 2007, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934 and the related statements of operations, changes in member's equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. 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 this audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Chicago Investment Group of Illinois, LLC as of December 31, 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.

  
Allan J. Brachman, CPA

Palatine, IL 60067

March 24, 2008

Federal ID# 36-4023127

**CHICAGO INVESTMENT GROUP OF ILLINOIS, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2007**

**EXHIBIT A**

**ASSETS**

Cash [Note IV(c) and VI]	\$ 919,474
Receivables and Deposits with Brokers	364,615
Investments (Note III)	1,056,412
Due from Employees and Agents	189,599
Due from Affiliates	56,825
Equipment and Leasehold Improvement (net of accumulated depreciation and amortization of \$50,019) (Note II-B)	56,630
Other Assets	<u>208,992</u>

**TOTAL ASSETS** \$2,852,547

**LIABILITIES AND MEMBER'S EQUITY**

**LIABILITIES:**

Due to Legent Clearing Corporation	\$ 787,966
Commissions Payable	459,556
Accounts Payable and Accrued Expenses (Note VII)	<u>158,528</u>

**TOTAL LIABILITIES** \$1,406,050

**MEMBER'S EQUITY (Exhibit D)** 1,446,497

**TOTAL LIABILITIES AND MEMBER'S EQUITY** \$2,852,547

THE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT ARE AN INTEGRAL PART OF THIS STATEMENT  
AND SHOULD BE READ ACCORDINGLY.

**CHICAGO INVESTMENT GROUP OF ILLINOIS, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

**I. ORGANIZATION AND BUSINESS**

CHICAGO INVESTMENT GROUP OF ILLINOIS, LLC (the "Company"), an Illinois limited liability company (formerly Chicago Investment Group, Inc. ("CIG"), an Illinois corporation), was organized on December 31, 2001. On February 15, 2002, CIG was merged with and into the Company. All of CIG's outstanding shares were converted into 100% of the membership interests of the Company. The Company continued all of CIG's operations as the surviving entity and acquired all of its assets and assumed all of its liabilities. The Company is a broker-dealer register with the Securities and Exchange Commission, and is a member of the National Association of Securities Dealers. The Company conducts business primarily with retail customers and introduces that business on a fully disclosed basis to a clearing broker. The Company also invests in securities for its own account.

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Revenue Recognition**

Commission income and related expenses are recorded on the accrual basis. Trading income (loss) is also recognized on the accrual basis (both realized and unrealized).

**B. Depreciation**

Depreciation of furniture and equipment is computed using an accelerated method for financial reporting, and straight-line and accelerated methods for income tax purposes.

**C. Income Taxes**

No provision has been made for federal income taxes for the year ended December 31, 2007 as the taxable income or loss of the Company, an LLC, is included in the income tax return of the sole member.

**D. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**E. Statement of Cash Flows**

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with maturity of three months or less to be cash equivalents.

### **III. INVESTMENTS**

Investments are being held for sale or appreciation. At 12/31/07:

<b><u>COST</u></b>	<b><u>FAIR MARKET VALUE</u></b>	<b><u>UNREALIZED GAIN OR (LOSS)</u></b>
<u>\$366,369</u>	<u>\$395,701</u>	<u>\$29,332</u>

This amount is combined with realized gains and losses and shown as Net Trading Gains on the Statement of Operations.

### **IV. COMMITMENT-OFFICE LEASES**

The company leases facilities in four locations as follows:

A. Chicago, Illinois – Rent is pad by its parent Compass Capital Management International LLC. Chicago Investment has paid \$50,000 towards the security deposit.

B. Boca Raton, Florida – The Company signed a new lease.

<b><u>TERM</u></b>	<b><u>MONTHLY RENT &amp; EXPENSES</u></b>	<b><u>OBLIGATION</u></b>
5/1/07 - 4/30/08 <June Abatement>	\$9,512	\$114,154
5/1/08 - 5/31/09	11,416	159,824
6/1/09 - 5/31/10	12,119	145,428
6/1/10 - 5/31/11	12,879	154,548
6/1/11 - 5/31/12	13,699	164,388
6/1/2012 - 7/31/12	14,582	<u>204,148</u>
	<b>TOTAL OBLIGATION</b>	<b><u>\$942,490</u></b>
	<b>EXPIRED OBLIGATION AT 12/31/07</b>	<b>(71,110)</b>
	<b>REMAINING OBLIGATION</b>	<b><u>\$871,380</u></b>

The company signed a new lease effective 5/1/07. Monthly expense on old lease was \$7942 January – April 2007

- C. New York City, New York – The Company sub-leases the facilities with the following provisions:

<u>TERM</u>	<u>MONTHLY RENT</u>	<u>OBLIGATION</u>
Period Ending 5/31/05	\$ 17,516	\$ 135,940
6/1/05–5/31/06	\$ 17,516	\$ 210,192
6/1/06–5/31/07	\$ 17,516	\$ 210,192
6/1/07–5/31/08	\$ 17,516	\$ 210,192
6/1/08–5/31/09	\$ 20,435	\$ 245,220
6/1/09–5/31/10	\$ 20,435	\$ 245,220
6/1/10–5/31/11	\$ 20,435	\$ 245,220
<b>TOTAL OBLIGATION</b>		\$ 1,502,176
<b>EXPIRED OBLIGATION AT 12/31/07</b>		<u>(648,936)</u>
<b>REMAINING OBLIGATION</b>		<u>\$ 853,240</u>

In addition to rent, maintenance, taxes and utilities are paid monthly. For calendar year 2007 this amount to \$95,975. The Security deposit is secured by a \$100,000 letter of credit.

- D. Ft. Lauderdale, Florida – On June 30, 2006, the Company signed a five-year lease starting December 1, 2006 after a two-month abatement.

<u>TERM</u>	<u>MONTHLY RENT</u>	<u>OBLIGATION</u>
12/1/06–8/31/07	\$ 9,754	\$ 87,786
9/1/07–8/31/08	\$ 10,416	\$ 124,992
9/1/08–8/31/09	\$ 11,143	\$ 133,716
9/1/09–8/31/10	\$ 11,985	\$ 143,820
9/1/10–8/31/11	\$ 12,843	\$ 154,116
<b>TOTAL OBLIGATION</b>		\$ 644,430
<b>EXPIRED OBLIGATION AT 12/31/07</b>		<u>(129,450)</u>
<b>REMAINING OBLIGATION</b>		<u>\$ 514,980</u>

In addition to rent, estimated operating expenses have been included in the term of the lease.

## V. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) and has elected to use the basic method as permitted by this rule. Under this rule, the Company is required to maintain “net capital” equal to the greater of \$250,000 or 6 and 2/3% of “aggregate indebtedness”, as defined.

At December 31, 2007 the Company had net capital and net capital requirements of \$448,924 and \$250,000, respectively.

## **VI. LITIGATION**

The Company and its officers are parties to a continuing lawsuit which alleges breach of contract, theft of equipment and data, and theft of property as some of its claims. Defendant(s) have filed a counter-claim against the Company and its officers. Outside counsel feels insurance will cover any claims and feels the company will prevail. Other litigation and Finra matters at December 31, 2007 are inestimable.

## **VII. SEVERANCE AGREEMENT**

The company has a severance agreement with George Reilly who left as President in December of 2007. Part of the agreement calls for \$10,000 a month plus health insurance for four months starting December of 2007. At 12/31/07 other details were in negotiation.

## **VIII. CAPITAL LEASE OBLIGATIONS**

At 12/31/07 the Company had \$182,346 in Capital Equipment obligations with a monthly rental of \$9,184. The breakdown by year is as follows:

<u>12/31/08</u>	<u>12/31/09</u>	Total
\$ 110,893	\$ 71,753	<u>\$182,346</u>

## **IX. PRIOR PERIOD ADJUSTMENTS**

2006	Investment Results Received after Audit Date	<u>\$159,479</u>
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**END**