



09055305

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

OMB APPROVAL OMB Number: 3235-0123 Expires: February 28, 2010 Estimated average burden hours per response: 12.00

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

SEC FILE NUMBER 8-53457

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 10/01/07 AND ENDING 09/30/08 MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Crescent Securities Group, Inc.

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

8750 N. Central Expwy., Suite 750

(No. and Street)

Dallas

(City)

Texas

(State)

75231

(Zip Code)

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

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

C F & Co., L.L.P.

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

14175 Proton Rd.

(Address)

Dallas

(City)

TX

(State)

75244

(Zip Code)

CHECK ONE:

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

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 Mail Processing Section JAN 21 2009 Washington, DC 103

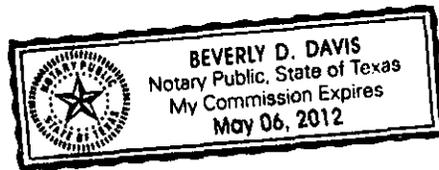
OFFICIAL USE ONLY FIRM ID. NO.

PROCESSED FEB 05 2009 THOMSON REUTERS B

## OATH OR AFFIRMATION

I, Travis Nick Duren, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Crescent Securities Group, Inc., as of September 30, 2008, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



Travis N. Duren  
Signature

President  
Title

Beverly D. Davis  
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 Cash Flows
- (e) Statement of Changes in Stockholders' Equity or partners' or Sole Proprietor's 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.
- (o) Independent auditor's report on internal control

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

CRESCENT SECURITIES GROUP, INC.  
REPORT PURSUANT TO RULE 17a-5(d)  
YEAR ENDED SEPTEMBER 30, 2008

CRESCENT SECURITIES GROUP, INC.

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF FINANCIAL CONDITION	2
STATEMENT OF INCOME	3
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY	4
STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7 - 8
SUPPORTING SCHEDULES	
Schedule I:    Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission	10 - 11
Schedule II:   Computation for Determination of Reserve Requirements Under Rule 15c3-3 of the Securities and Exchange Commission	12
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5	14 - 15



*CF & Co., L.L.P.*  
CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders  
Crescent Securities Group, Inc.

We have audited the accompanying statement of financial condition of Crescent Securities Group, Inc. as of September 30, 2008 and the related statements of income, changes in stockholders' 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. 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 Crescent Securities Group, Inc. as of September 30, 2008, 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the 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 under the Securities 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.

A handwritten signature in black ink that reads 'CF &amp; Co., L.L.P.' in a cursive, stylized font.

C F & Co., L.L.P.

Dallas, Texas  
November 24, 2008, except for Note 8  
As to which the date is January 9, 2009

CRESCENT SECURITIES GROUP, INC.  
Statement of Financial Condition  
September 30, 2008

**ASSETS**

Cash and cash equivalents	\$ 87,370
Accounts receivable	16,723
Receivable from broker/dealer	36,332
Loans to employees	41,740
Loans to officer	56,014
Prepaid expenses	<u>550</u>
	<u>\$ 238,729</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Liabilities**

Accrued expenses	\$ <u>16,339</u>
	<u>16,339</u>

**Stockholders' equity**

Common stock, 100,000 shares authorized with no par value, 1,000 shares issued and outstanding	55,000
Retained earnings	901,763
Loans to Parent	<u>(734,373)</u>
Total stockholders' equity	<u>222,390</u>
	<u>\$ 238,729</u>

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

CRESCENT SECURITIES GROUP, INC.  
Statement of Income  
For the Year Ended September 30, 2008

<b>Revenues</b>	
Securities commissions	\$6,556,976
Interest income	104,359
Other	<u>10,042</u>
	<u>6,671,377</u>
<b>Expenses</b>	
Employee compensation and benefits	5,989,427
Commissions and clearance paid to all other brokers	22,937
Communications	4,717
Occupancy and equipment cost	20,497
Regulatory fees and expenses	5,609
Interest expense	23,470
Other expenses	<u>98,124</u>
	<u>6,164,781</u>
Net income before income taxes	506,596
Provision for Federal income taxes	(195,315)
Provision for state income taxes	<u>(1,234)</u>
Net Income	<u>\$ 310,047</u>

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

CRESCENT SECURITIES GROUP, INC.  
Statement of Changes in Stockholders' Equity  
For the Year Ended September 30, 2008

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Loans to Parent</u>	<u>Total</u>
Balances at September 30, 2007	\$ 55,000	\$ 722,216	\$(633,390)	\$ 143,826
Additional loans to Parent			(100,983)	(100,983)
Net income		310,047		310,047
Dividends	_____	(130,500)	_____	(130,500)
Balances at September 30, 2008	<u>\$ 55,000</u>	<u>\$ 901,763</u>	<u>\$(734,373)</u>	<u>\$ 222,390</u>

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

CRESCENT SECURITIES GROUP, INC.  
Statement of Changes in Liabilities Subordinated  
to Claims of General Creditors  
For the Year Ended September 30, 2008

Balance at September 30, 2007	\$ -0-
Increases	-0-
Decreases	<u>-0-</u>
Balance at September 30, 2008	<u>\$ -0-</u>

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

CRESCENT SECURITIES GROUP, INC.  
Statement of Cash Flows  
For the Year Ended September 30, 2008

<b>Cash flows from operating activities:</b>	
Net income	\$ 310,047
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
Increase in accounts receivable	(16,413)
Increase in loans to employees	(21,980)
Increase in loan to officer	(7,627)
Increase in receivable from broker/dealer	(1,542)
Increase in prepaid expenses	(550)
Increase in accrued expenses	<u>5,216</u>
Net cash provided (used) by operating activities	<u>267,151</u>
<b>Cash flows from investing activities:</b>	
Net cash provided (used) by investing activities	<u>-0-</u>
<b>Cash flows from financing activities:</b>	
Loans made to Parent	(100,983)
Dividend	<u>(130,500)</u>
Net cash provided (used) by financing activities	<u>(231,483)</u>
Net increase in cash and cash equivalents	35,668
Cash and cash equivalents at beginning of year	<u>51,702</u>
Cash and cash equivalents at end of year	<u>\$ 87,370</u>

**Supplemental Disclosures**

Cash paid for:	
Income taxes	<u>\$ -0-</u>
Interest	<u>\$ 23,470</u>

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

CRESCENT SECURITIES GROUP, INC.  
Notes to Financial Statements  
September 30, 2008

Note 1 - Summary of Significant Accounting Policies

Crescent Securities Group, Inc. (the "Company") is a broker-dealer in securities registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company operates under (SEC) Rule 15c3-3 (k)(2)(ii) which provides that all the funds and securities belonging to the Company's customers would be handled by a clearing broker-dealer. The Company is a wholly-owned subsidiary of Duren/McNairy Holdings, Inc. (the "Parent").

Security transactions are recorded on a trade date basis. Commission income and expenses are recorded on a settlement date basis, generally the third business day following the transaction. If materially different, commission income and expenses are recorded on a trade date basis.

The majority of the Company's customers are located in the Dallas metroplex area.

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 the reported amounts of assets and liabilities and 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 those estimates.

For purposes of reporting cash flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than ninety days, that are not held for sale in the ordinary course of business.

Compensated absences have not been accrued because the amount cannot be reasonably estimated.

Loans to Parent are reflected as a contra-equity account.

Note 2 - Net Capital Requirements

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. At September 30, 2008, the Company had net capital of approximately \$107,323 and net capital requirements of \$5,000. The Company's ratio of aggregate indebtedness to net capital was .15 to 1. The Securities and Exchange Commission permits a ratio of no greater than 15 to 1.

CRESCENT SECURITIES GROUP, INC.  
Notes to Financial Statements  
September 30, 2008

Note 3 - Possession or Control Requirements

The Company does not have any possession or control of customer funds or securities. There were no material inadequacies in the procedures followed in adhering to the exemptive provisions of (SEC) Rule 15c3-3(k)(2)(ii) by promptly transmitting all customer funds and securities to the clearing broker who carries the customer accounts.

Note 4 - Income Taxes

The Company files a consolidated income tax return with the Parent. Income taxes are recorded using the separate company method to comply with FASB Statement 109. Any resulting provision or benefit for income taxes is recorded as receivable from or payable to the Parent. There was no payable due to Parent at September 30, 2008 related to income taxes.

Note 5 - Related Party Consulting Agreements

The Parent has agreed by contract to provide telephone service, administrative services, office equipment and other overhead expenses to the Company. Expenses incurred under this contract through September 30, 2008 were \$64,562.

Note 6 - Commitments and Contingencies

Included in the Company's clearing agreement with its clearing broker-dealer, is an indemnification clause. This clause relates to instances where the Company's customers fail to settle security transactions. In the event this occurs, the Company will indemnify the clearing broker-dealer to the extent of the net loss on the unsettled trade. Management of the Company had not been notified by the clearing broker-dealer, nor were they otherwise aware, of any potential losses relating to this indemnification.

Note 7 - Loan to Parent

The loan of \$734,373 to Parent was a non-interest bearing note due with no terms.

Note 8 - Reissuance of Report

The financial statements have been restated for reclassification of federal and state taxes against the receivable from Parent and accrual of liabilities.

Supplemental Information  
Pursuant to Rule 17a-5 of the  
Securities Exchange Act of 1934  
For the Year Ended  
September 30, 2008

## Schedule I

CRESCENT SECURITIES GROUP, INC.  
Computation of Net Capital Under Rule 15c3-1  
of the Securities and Exchange Commission  
As of September 30, 2008

### COMPUTATION OF NET CAPITAL

Total stockholders' equity qualified for net capital \$ 222,390

Add:

Other deductions or allowable credits -0-

Total capital and allowable subordinated liabilities 222,390

Deductions and/or charges

Non-allowable assets:

Accounts receivable	\$ 16,723	
Loan to employees	41,740	
Loans to officer	56,014	
Prepaid expenses	<u>550</u>	<u>(115,027)</u>

Net capital before haircuts on securities positions 107,363

Haircuts on securities (computed, where applicable,  
pursuant to rule 15c3-1(f))

Other securities 40

Net capital \$ 107,323

### AGGREGATE INDEBTEDNESS

Items included in statement of financial condition

Accrued expenses \$ 16,339

Total aggregate indebtedness \$ 16,339

**Schedule I (continued)**

**CRESCENT SECURITIES GROUP, INC.**  
**Computation of Net Capital Under Rule 15c3-1**  
**of the Securities and Exchange Commission**  
**As of September 30, 2008**

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

Minimum net capital required (6 2/3% of total aggregate indebtedness)	<u>\$ 1,089</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 5,000</u>
Net capital requirement (greater of above two minimum requirement amounts)	<u>\$ 5,000</u>
Net capital in excess of required minimum	<u>\$ 102,323</u>
Excess net capital at 1000%	<u>\$ 105,689</u>
Ratio: Aggregate indebtedness to net capital	<u>.15 to 1</u>

**RECONCILIATION WITH COMPANY'S COMPUTATION**

The following serves to reconcile the differences in the computation of net capital under Rule 15c3-1 from the Company's computation.

Net capital, as reported in the Company's (Unaudited) Focus report	\$ 110,066
Increase (decrease) due to adjustment for	
Decrease in non-allowable assets	19,287
Decrease in other assets	<u>(22,030)</u>
Net capital per audit report	<u>\$ 107,323</u>

**Schedule II**

CRESCENT SECURITIES GROUP, INC.  
Computation for Determination of Reserve Requirements Under  
Rule 15c3-3 of the Securities and Exchange Commission  
As of September 30, 2008

**EXEMPTIVE PROVISIONS**

The Company has claimed an exemption from Rule 15c3-3 under section (k)(2)(ii), in which all customer transactions are cleared through another broker-dealer on a fully disclosed basis.

Company's clearing firm: Southwest Securities, Inc.

Independent Auditor's Report

On Internal Control

Required By SEC Rule 17a-5

Year Ended

September 30, 2008



**CF & Co., L.L.P.**

CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
CONTROL REQUIRED BY SEC RULE 17a-5

To the Board of Directors and Stockholders  
Crescent Securities Group, Inc.

In planning and performing our audit of the financial statements and supplemental information of Crescent Securities Group, Inc. (the "Company"), as of and for the year ended September 30, 2008 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control 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 controls 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 SEC's above-mentioned objectives. Two of the objectives of internal control 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 the preparation of financial

statements in conformity with accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that 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 SEC 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, as described in the second paragraph of this report, were adequate at September 30, 2008 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



CF & Co., L.L.P.

**END**

Dallas, Texas  
November 24, 2008