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

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8- 26118

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 01/01/2008 AND ENDING 12/31/2008  
MM/DD/YY MM/DD/YY

### A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: East/West Securities Co.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

555 Montgomery St., Ste. 601

(No. and Street)

San Francisco CA 94111

(City)

(State)

(Zip Code)

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

Leslie U. Harris

415-397-3400

(Area Code - Telephone Number)

### B. ACCOUNTANT IDENTIFICATION

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

Samuel H. Wong & Co. LLP

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

400 Oyster Point Blvd., Ste. 122, So. San Francisco CA 94080

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

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

**PROCESSED**  
FEB 25 2009  
**THOMSON REUTERS**

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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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OATH OR AFFIRMATION

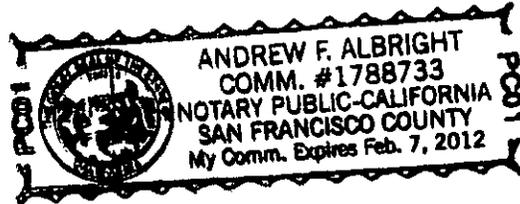
I, Leslie U. Harris, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of East/West Securities Co., as of December 31, 20 08, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

325-20002, 325-94001, 325-98238, 325-20046, 325-94000, 325-98102, 325-25084

~~State of California, County of San Francisco~~  
Subscribed and sworn to before me this 10<sup>th</sup>  
Day of February, 2009, by  
Leslie Harris  
proved to me on  
the basis of satisfactory evidence to be the  
person(s) who appeared before me.

[Signature]  
~~Notary Public, California~~  
Notary Public

Leslie Harris  
Signature  
Partner  
Title



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).

**East West Securities Co.  
(A Partnership)**

**Audited Financial Statements**

**December 31, 2008 and 2007**

East West Securities Co.  
(A Partnership)

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**SAMUEL H. WONG & CO., LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

The Partners  
East West Securities Co.

**INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying balance sheets of East West Securities Co. (A Partnership) as of December 31, 2008 and 2007, and the related statements of income, changes of partners' capital, and cash flows for the years 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 audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of East West Securities Co. (A Partnership) as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supporting schedules are presented for the purposes of additional analysis and are not required parts of the basic financial statements. 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.

South San Francisco, California  
February 06, 2009

*Samuel H. Wong, C. LLP*  
Samuel H. Wong & Co., LLP  
Certified Public Accountants

**East West Securities Co  
(A Partnership)  
Balance Sheets  
as of December 31, 2008 and 2007**

<u>ASSETS</u>	Note	<u>2008</u>	<u>2007</u>
<u>Current Assets</u>			
Cash & Cash Equivalents	2	\$ 179,102	\$ 251,771
Restricted Cash	6	<u>100,000</u>	<u>110,000</u>
Total Cash		279,102	361,771
Marketable Securities	9	8,236	24,900
Commission Receivable		12,595	15,933
Prepaid Expenses		<u>1,479</u>	<u>744</u>
Total Current Assets		301,412	403,348
<u>Property and Equipment</u>			
At Cost	2 & 3	145,286	145,154
Less: Accumulated Depreciation		<u>(140,271)</u>	<u>(137,001)</u>
		5,015	8,153
<u>Other Assets</u>			
Rental Deposit	4	<u>9,217</u>	<u>13,453</u>
<b>TOTAL ASSETS</b>		<u>\$ 315,643</u>	<u>\$ 424,953</u>
<u>LIABILITIES AND PARTNERS' CAPITAL</u>			
<u>Current Liabilities</u>			
Accounts Payable		-	1,325
SF City Tax Payable		1,230	1,230
Payroll Tax Payable		2,601	3,943
Accrued Liabilities		<u>24,877</u>	<u>23,377</u>
Total Current Liabilities		28,707	29,875
<b>TOTAL LIABILITIES</b>		<u>28,707</u>	<u>29,875</u>
<u>Partners' Capital</u>			
Leslie U. Harris		140,599	193,588
Nai Fung Chen		<u>146,337</u>	<u>201,490</u>
Total Partners' Capital		<u>286,935</u>	<u>395,078</u>
<b>Total Liabilities and Partners' Capital</b>		<u>\$ 315,643</u>	<u>\$ 424,953</u>

**See Accompanying Notes to the Financial Statements**

**East West Securities Co**  
**(A Partnership)**  
**Notes to the Financial Statements**  
**for the years ended December 31, 2008 and 2007**

1. The Company

East/West Securities Co. was formed as a Partnership on June 11, 1981 under the laws of the State of California. A written partnership agreement was executed on May 20, 1993, formalizing the existing business relationship.

East/West Securities Co. is a registered broker/dealer servicing individual and institutional investors in the U.S. and abroad.

The organization consists of two partners, with Nai Fung Chen owning a 51% interest and Leslie U. Harris owning a 49% interest. Income or loss is being shared in the same proportion. The Company operates as a broker/dealer registered pursuant to Section 15-b of the Securities Exchange Act of 1934.

2. Summary of Significant Accounting Policies

The Company maintains its general ledger and journals with the accrual method of accounting. Accordingly, the accompanying financial statements have been prepared on the accrual basis of accounting. A summary of significant accounting policies is outlined below: -

(A) *Property and Equipment*

Property and Equipment are stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized.

Property and equipment are depreciated over their estimated useful lives ranging from 3-7 years by the straight-line method.

(B) *Income Taxes*

According to Subchapter K, Part I., Section 701 of the Internal Revenue Code, there is no provision for income taxes, since a Partnership is not a taxable entity. Individual partners report their distributive shares of partnership income or loss for tax purposes.

**East West Securities Co**  
**(A Partnership)**  
**Notes to the Financial Statements**  
**for the years ended December 31, 2008 and 2007**

*(C) Cash Equivalents*

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

*(D) Securities Transactions*

Securities transactions are recorded on a settlement date basis, except for proprietary transactions and the related expenses, which are recorded on a trade date basis.

*(E) Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles in the United States 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.

*(F) Reclassifications*

Certain accounts in the prior-year financial statements have been reclassified to conform with comparison of the current-year financial statements.

*(G) Recognition of Revenue*

The Company recognizes commission revenue at the point when an open trade order has been executed and confirmed by the trade counterparty.

*(H) Investments in Marketable Securities*

The Company invests in debt and equity securities, which are held as available for sale. The company records these securities at their fair market values, and recognizes changes in those values in unrealized gains and losses, as part of changes to partners' capital. When the securities are sold, the gains or losses are recognized in other income. Current quotations are used to estimate the fair values of these securities.

**East West Securities Co  
(A Partnership)  
Notes to the Financial Statements  
for the years ended December 31, 2008 and 2007**

3. Property and Equipment

Property and Equipment as of December 31, 2008 consisted of the following: -

<u>Category</u>	<u>At Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value</u>
Furniture & Fixtures	\$ 6,465	\$ 6,316	\$ 149
Machinery & Equipment	30,204	27,323	2,881
Automobiles	80,198	80,198	-
Leasehold Improvement	21,798	19,813	1,985
Computer Software	6,621	6,621	-
	<u>\$ 145,286</u>	<u>\$ 140,271</u>	<u>\$ 5,015</u>

Property and Equipment as of December 31, 2007 consisted of the following: -

<u>Category</u>	<u>Accumulated At Cost</u>	<u>Net Depreciation</u>	<u>Value</u>
Furniture & Fixtures	\$ 6,465	\$ 6,002	\$ 463
Machinery & Equipment	30,071	24,855	4,788
Automobiles	80,198	80,198	-
Leasehold Improvement	21,798	19,324	2,473
Computer Software	6,621	6,621	-
	<u>\$ 145,154</u>	<u>\$ 137,001</u>	<u>\$ 8,153</u>

4. Lease Commitment

On October 18, 2007, the Company entered into a new lease agreement with United Commercial Bank located at 555 Montgomery Street, San Francisco, California. The new lease agreement is for leasing a portion of the 6<sup>th</sup> floor of the above location for a three-year term beginning on January 1, 2008 and ending on December 31, 2010. The security deposit required was \$9,216.67. The monthly rent for the 2008 year is \$4,608.33 per month and will gradually increase per annum. By the 2010, the monthly rent will be \$4,871.67 per month.

Future minimum operating lease payments for the next two years until termination will be: -

<u>Year ended December 31</u>	<u>Lease Payment</u>
2009	\$ 56,880
2010	\$ 58,460
	<u>\$ 115,340</u>

**East West Securities Co  
(A Partnership)  
Notes to the Financial Statements  
for the years ended December 31, 2008 and 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 shall not exceed 15 to 1. At December 31, 2008, the Company had net capital of \$262,005 per computation disclosed in the accompanying Supplementary Information, which was \$212,005 in excess of its required minimum net capital of \$50,000. The Company's net capital ratio was 0.11 to 1. At December 31, 2007, the Company had net capital of \$362,027 per computation disclosed in the accompanying Supplementary Information, which was \$312,027 in excess of its required minimum net capital of \$50,000. The Company's net capital ratio was 0.08 to 1.

6. Restricted Cash

The Company agrees to maintain a good faith deposit of \$100,000 at Ridge Clearing.

7. Advertising Expense

Pursuant to the Accounting Policy in the United States, the Company expensed the whole of \$18,220 advertising incurred during the year.

8. Concentration of Risk

The Company has a significant concentration of risk related to its revenues. The Company's trading activities originate from a small number of institutional investors, and the composition of the Company's clientele and revenue sources continues to trend towards a smaller group of institutions. If this trend continues, it is possible that the company could be significantly impacted if these institutions discontinued the existing business relationship.

9. Investments in Marketable Securities

As of December 31, 2008, investments in marketable securities, held as available for sale, had fair values totaling \$8,236 purchased at costs of \$26,670.

*END*