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

SEC FILE NUMBER
8- 35960

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 01/01/08 AND ENDING 12/31/08
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Grubb + Ellis Securities, Inc.

OFFICIAL USE ONLY

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

FIRM I.D. NO.

4 Hutton Centre Drive, Suite 700

(No. and Street)

Santa Ana

CA

92707

(City)

(State)

(Zip Code)

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

Kevin K. Hull

(714) 667-8252

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PKF, Certified Public Accountants

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

2020 Camino del Rio North, Ste. 500

San Diego CA 92108

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- 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)

OATH OR AFFIRMATION

I, Kevin K. Hull, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Grubb & Ellis Securities, Inc., 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:


Signature

President & CEO

Title

~~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 15c3-3 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).

JURAT

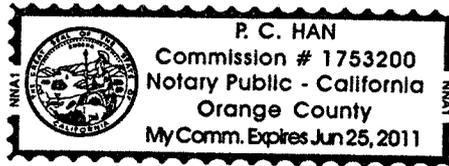
STATE OF CALIFORNIA

COUNTY OF ORANGE

Subscribed and sworn to (or affirmed) before me this 23rd day of February, 2009 by Kevin K. Hull, proved to me on the basis of satisfactory evidence to be the person who appeared before me.

Signature  (Seal)

My Commission Expires:
June 25, 2011



GRUBB & ELLIS SECURITIES, INC.
ANNUAL FILING IN ACCORDANCE
WITH RULE 17a-5
DECEMBER 31, 2008

PKF

GRUBB & ELLIS SECURITIES, INC.
DECEMBER 31, 2008
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Grubb & Ellis Securities, Inc.
Santa Ana, California

We have audited the accompanying statement of financial condition of Grubb & Ellis Securities, Inc. the "Company") as of December 31, 2008. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement referred to above presents fairly, in all material respects, the financial position of Grubb & Ellis Securities, Inc. as of December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the statement of financial condition, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. The information is the responsibility of the Company's management. Such information has been subjected to the auditing procedures applied in our audit of the statement of financial condition and, in our opinion, is fairly stated in all material respects in relation to the statement of financial condition taken as a whole.

San Diego, California
February 23, 2009


PKF
Certified Public Accountants
A Professional Corporation

GRUBB & ELLIS SECURITIES, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008

ASSETS

Cash and cash equivalents	\$ 4,795,303
Receivables:	
Commission and due diligence receivable from affiliated entities	1,156,523
Other receivables	<u>4,009</u>
Total receivables	<u>1,160,532</u>
Prepaid expenses	133,115
Deferred tax assets (Note 6)	174,771
Goodwill (Note 5)	<u>-</u>
Total assets	<u><u>\$ 6,263,721</u></u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:	
Accounts payable and accrued liabilities	\$ 1,324,359
Payable to broker dealers	1,983,405
Income taxes payable	<u>1,432,170</u>
Total liabilities	<u>4,739,934</u>
Commitments and Contingencies (Note 4)	
Stockholder's equity	
Common stock, no par value- 2,500 shares authorized; 1,000 shares issued and outstanding	-
Additional paid in capital	15,900,000
Retained earnings	<u>(14,376,213)</u>
Total stockholder's equity	<u>1,523,787</u>
Total liabilities and stockholder's equity	<u><u>\$ 6,263,721</u></u>

GRUBB & ELLIS SECURITIES, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2008

NOTE 1 - ORGANIZATION

Organization and Business

Grubb & Ellis Securities, Inc. (the "Company") was incorporated on March 10, 1986 in the state of California and is engaged in business as a broker-dealer, registered with the Securities and Exchange Commission ("SEC"), and is a member of the Financial Industry Regulatory Authorities ("FINRA"). The Company's activity consists primarily of acting as the managing broker-dealer for sales of real estate securities sponsored by Grubb & Ellis Company ("GBE"), or its affiliates, which are affiliated with the Company through common ownership and management.

NOTE 2 - ACCOUNTING POLICIES

Estimates

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") 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 income and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, certificates of deposit and money market funds purchased with an original maturity of three months or less to be cash equivalents.

The Company maintains its primary checking account and a money market account at one financial institution located in California. The accounts at this bank are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At December 31, 2008, the Company's uninsured cash balances totaled \$4,545,303. The Company has not experienced any losses in such accounts and management believes it places its cash on deposit with financial institutions which are financially stable.

Recognition of Revenue

Commissions and marketing and due diligence fees are recognized as income during the period when the related services are rendered. Revenue and expenses related to affiliated securities transactions are recorded on a trade-date basis.

Financial Instruments

The carrying amount of commission and due diligence receivable from affiliated entities, other receivables, accounts payable and accrued liabilities, payable to broker dealers, and due to related party approximates fair value because of the short maturity of these financial instruments.

GRUBB & ELLIS SECURITIES, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2008

NOTE 2 - ACCOUNTING POLICIES (Continued)

Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. GAAP and in the format prescribed by Rule 17a-5 under the Securities Exchange Act of 1934 for brokers and dealers in securities.

Common Control

Because the Company and certain related parties are under common ownership or management control, reported operating results and/or financial position of the Company could significantly differ from what would have been obtained if such entities were not under common control.

Allowance for Uncollectible Receivables

The Company believes that all receivables from affiliated entities and commissions receivable will be collected by the Company; accordingly, the accompanying financial statements do not include an allowance for uncollectible accounts.

Income Taxes

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined. The Company is subject to the provisions of FIN 48 as of January 1, 2007, and has analyzed filing positions in all of the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions.

The Company is subject to US federal income tax and multiple state jurisdictions. The tax years 2004 through 2008 remain open to examination by some or all of the major taxing jurisdictions. The Company believes that its income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material adverse effect on the Company's financial condition, results of operations, or cash flow. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to FIN 48. In addition, the Company did not record a cumulative effect adjustment related to the adoption of FIN 48.

The Company's policy for interest and penalties related to income tax matters is to recognize such items in income tax expense.

NOTE 3 - TRANSACTIONS WITH RELATED PARTY

Commission, Marketing and Due Diligence Fee Revenues

Commissions, due diligence and marketing fee revenues were generated from sales of securities sponsored by GBE. Receivables related to commission and due diligence fees due from affiliated parties totaled \$1,156,523 as of December 31, 2008.

GRUBB & ELLIS SECURITIES, INC.
 NOTES TO FINANCIAL STATEMENT
 DECEMBER 31, 2008

NOTE 4 - COMMITMENTS AND CONTINGENCIES

The Company shares its office space with GBE through an expense agreement which remains in effect until either party provides 90 days written notice. This agreement (the "Agreement") stipulates GBE will provide personnel and office space to the Company as needed, and pay the ordinary operating expenses of the Company, and those expenses arising from written contractual obligations incurred by the Company, as necessary to maintain the Company's compliance with all applicable capital and financial responsibility regulations.

NOTE 5 - GOODWILL

The goodwill recorded on the statement of financial condition is the result of push down accounting in conjunction with the acquisition of Grubb & Ellis Securities, Inc by NNN Realty Advisors, Inc.

Balance as of January 1, 2008	\$ 14,474,181
Goodwill acquired during the year	-
Impairment	<u>(14,474,181)</u>
Balance as of December 31, 2008	<u><u>\$ -</u></u>

In accordance with the provisions of Statement of Financial Account Standard ("SFAS") No. 142, *Goodwill and Other Intangible Assets* ("SFAS No. 142) goodwill with a carrying amount of \$14,474,181 was written down to its implied fair value of \$0, resulting in an impairment charge of \$14,474,181, which was included in earnings for the period.

NOTE 6 - INCOME TAXES

The Company accounts for its income taxes under Statement of Financial Accounting Standards ("SFAS") No. 109, *Accounting for Income Taxes*, which uses an asset and liability method. The objective of the asset and liability method is to establish deferred tax assets and liabilities for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. The principal temporary differences in the recognition of income and expense for tax and financial reporting purposes arise from deductions claimed in the period in which all events have occurred that determine the fact of the liability for tax purposes.

Significant components of the Company's deferred tax assets for federal and state income taxes are as follows:

Deferred tax asset:	
Accrued compensation	\$ 73,000
State taxes	76,000
Other	<u>25,000</u>
Total deferred tax asset	<u><u>\$ 174,000</u></u>

GRUBB & ELLIS SECURITIES, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2008

NOTE 6 - INCOME TAXES (Continued)

No valuation allowance has been provided on deferred tax assets at December 31, 2008 as the Company believes it is more likely than not that all such deferred tax assets will be realized. The Company reached this conclusion after considering taxable income in prior years and the likelihood of future taxable income exclusive of reversing temporary differences. Differences between forecasted and actual future operating results could adversely impact the Company's ability to realize deferred tax assets. The Company intends to evaluate the realizability of deferred tax assets annually by assessing the need for a valuation allowance.

NOTE 7 - NET CAPITAL REQUIREMENTS

As a registered broker-dealer, the Company is subject to the SEC's 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.

At December 31, 2008, the Company had net capital of \$1,150,670, which was \$834,675 in excess of its required net capital of \$315,995. The Company's ratio of aggregate indebtedness to net capital was 4.12 to 1 at December 31, 2008.

NOTE 8 - RESERVE REQUIREMENTS FOR BROKERS OR DEALERS

The Company is exempt from the provisions of Rule 15c3-3 (pursuant to paragraph (k)(2)(i) of such Rule) under the Securities Exchange Act of 1934 as an broker or dealer who carries no margin accounts, promptly transmits all customer funds and delivers all securities received in connection with the Company's activities as a broker or dealer, does not otherwise hold funds or securities for, or owe money or securities to, customers and effectuates financial transactions between the broker or dealer and the Company's customers through a bank account designated as a special account for the benefit of customers. Operating under such exemption, the company is not required to prepare a determination of reserve requirements for brokers or dealers.

SUPPLEMENTARY INFORMATION

GRUBB & ELLIS SECURITIES, INC.
 COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
 OF THE SECURITIES AND EXCHANGE COMMISSION
 DECEMBER 31, 2008

Total stockholder's equity	<u>\$ 1,523,787</u>
Net worth	1,523,787
Deductions:	
Nonallowable assets:	
Prepaid expenses	133,115
Other receivable	4,009
Goodwill	-
Commission and due diligence receivable from affiliated entities	61,222
Deferred tax assets	<u>174,771</u>
Total deductions	<u>373,117</u>
Net capital	<u><u>\$ 1,150,670</u></u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS

Minimum net capital required (The greater of 6-2/3% of aggregate indebtedness or \$5,000)	<u><u>\$ 315,995</u></u>
Net capital in excess of amount required	<u><u>\$ 834,675</u></u>
Total aggregate indebtedness	<u><u>\$ 4,739,934</u></u>
Ratio of aggregate indebtedness to net capital	<u><u>4.12 to 1</u></u>

GRUBB & ELLIS SECURITIES, INC.
COMPUTATION OF RESERVE REQUIREMENTS
PURSUANT TO RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2008

The Company does not carry customer accounts; therefore, they are not required to compute reserve requirements in Part II of Form X-17A-5, under the (k)(2)(i) exemption provision.

GRUBB & ELLIS SECURITIES, INC.
INFORMATION RELATING TO POSSESSION
OR CONTROL REQUIREMENTS UNDER RULE 15c3-3
OF THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2008

SCHEDULE III

State the market valuation and number of items:

- | | | |
|----|--|------|
| 1. | Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the audit date (for which instructions to reduce to possession or control had been issued as of the audit date) but for which the required action was not taken by respondent within the time frames specified under Rule 15c3-3 | NONE |
| | Number of items | NONE |
| | | |
| 2. | Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the audit date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3 | NONE |
| | Number of items | NONE |

INDEPENDENT AUDITORS' REPORT ON
INTERNAL ACCOUNTING CONTROL REQUIRED BY
RULE 17A-5 OF THE SECURITIES AND EXCHANGE COMMISSION

Board of Directors
Grubb & Ellis Securities, Inc.
Santa Ana, California

In planning and performing our audit of the statement of financial condition and supplemental schedules of Grubb & Ellis Securities, Inc. as of December 31, 2008, we considered its internal control, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control.

We also made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness 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 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 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 internal control 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 internal controls 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 accounting principles generally accepted in the United States of America. 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 or the practices and procedures referred to above, errors 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.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be a significant deficiency under standards established by the American Institute of Certified Public Accountants. A significant deficiency is a condition in which the design or operation of the specific internal control elements does not reduce to a relatively low level the risk that errors or fraud 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 controls, including procedures for safeguarding securities that we consider to be a significant deficiency 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 December 31, 2008 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission 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.

San Diego, California
February 23, 2009

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