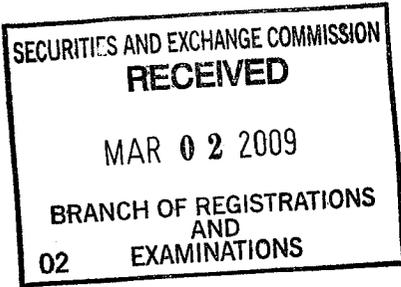




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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
**8 - 48144**

AB\*  
3/9

**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:

APB FINANCIAL GROUP INC.

OFFICIAL USE ONLY

FIRM ID. NO.

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

17 STATE STREET, SUITE 1650

(No. And Street)

NEW YORK,  
(City)

NY  
(State)

10004  
(Zip Code)

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

EDWARD COYLE

(212) 293-3410

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

FULVIO & ASSOCIATES, LLP

ATTN: JOHN FULVIO, CPA

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

5 West 37<sup>th</sup> Street, 4<sup>th</sup> Floor

NEW YORK

NY

10018

(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 basis for the exemption. See section 240.17a-5(e)(2)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

BB  
3/17

OATH OR AFFIRMATION

I, EDWARD COYLE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of APB FINANCIAL GROUP INC., as of DECEMBER 31, 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:

Three horizontal lines for listing exceptions.

Signature of Edward Coyle
Signature
PRESIDENT & CEO
Title

Notary Public signature and title

CLAIRE LEJUEZ
Notary Public, State of New York
Registration #01LE6050722
Qualified In Suffolk County
My Commission Expires Nov. 13, 2010

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 or 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 previous audit.
(o) Supplemental independent Auditors Report on Internal Accounting Control.

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

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APB FINANCIAL GROUP, INC.

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2008

# FULVIO & ASSOCIATES, L.L.P.

JOHN FULVIO, CPA  
SUSAN E. VAN VELSON, CPA  
CHRISTIAN TIRIOLO, CPA  
KENNETH S. WERNER, CPA

*Certified Public Accountants*

5 West 37th Street  
4th Floor  
New York, New York 10018  
TEL: 212-490-3113  
FAX: 212-986-3679  
www.fulviollp.com

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
APB Financial Group, Inc.

We have audited the accompanying statement of financial condition of APB Financial Group, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is 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 statement of financial condition referred to above presents fairly, in all material respects, the financial position of APB Financial Group, Inc. as of December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Fulvio & Associates, LLP". The signature is written in dark ink and is positioned above the typed name and date.

New York, New York  
February 11, 2009

APB FINANCIAL GROUP, INC.  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2008

A S S E T S

Securities Owned	\$ 456,566
Due from broker	646,103
Prepaid expenses	57,599
Fixed assets (net of accumulated depreciation of 322,973)	24,940
Other assets	<u>227</u>
 TOTAL ASSETS	 <u>\$ 1,185,435</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:

Accounts payable and accrued expenses	\$ 81,061
Commissions payable	51,185
Rebates payable	<u>271,278</u>
 TOTAL LIABILITIES	 <u>403,524</u>

Stockholder's Equity:

Common stock, 30,000 shares authorized, no par value	
10,500 shares issued and outstanding	10,500
Additional paid-in capital	849,001
Accumulated deficit	<u>(77,591)</u>
 TOTAL STOCKHOLDER'S EQUITY	 <u>781,910</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 1,185,435</u>
--	---------------------

The accompanying notes are an integral part of this financial statement.

APB FINANCIAL GROUP, INC.  
NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 1. ORGANIZATION AND OPERATIONS

APB Financial Group, Inc. (the "Company") is a broker-dealer registered with the Securities and Exchange Commission ("SEC"). The Company is also a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"), National Futures Association ("NFA"), Municipal Securities Rulemaking Board ("MSRB") and the Commodities Futures Trading Commission ("CFTC"). The Company's operations are primarily comprised of securities transactions executed on an agency basis.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Fair Value Measurement – Definition and Hierarchy:* On January 1, 2008, the Company adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. SFAS No. 157 establishes a classification hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are those that reflect the Company's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The classification hierarchy is broken down into three levels:

*Level 1* – Fair value measurements based on quoted prices in active markets for identical assets or liabilities that the Company has access to and are not adjusted. Since measurements are based solely on quoted prices that are readily and regularly available in an active market, valuation of Level 1 instruments does not entail a significant degree of judgment by the Company.

*Level 2* – Fair value measurements based on inputs that are observable, both directly and indirectly, for instruments in markets that are not active (including those that are "thinly traded") or have restrictions on their resale. Level 2 inputs include quoted prices for similar assets and liabilities that are in active markets, "as if" conversions for constrained instruments, discounts for trading volume constraints and others such as interest rates and yield curves that are obtainable at common intervals.

APB FINANCIAL GROUP, INC.  
NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Level 3* – Fair value measurements based on valuation techniques that use significant inputs that are unobservable. Unobservable Level 3 inputs include commonly used pricing models, the Company's internally developed data and assumptions for valuation methodology and other information used by the Company to assist in exercising judgment for instruments that fall into this level.

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors. This includes the type of instrument, whether the instrument is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the instrument is reported in the lowest level that has a significant input. Even when inputs are not observable, the Company's own assumptions and methodologies are established to reflect those that market participants would use in pricing the asset or liability at the measurement date. In addition, during periods of market dislocation, the observability of inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified to a lower level within the fair value hierarchy.

Valuation Techniques – Equity Securities

The Company values investments in equity securities and securities sold short that are freely tradable and are listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the period.

The Company's policy is to value equities traded "over-the-counter" ("OTC") for which no sale was reported on the measurement date, at their last reported "bid" price if held long, and last reported "ask" price if sold short. The Company's policy is to value equities traded "over-the-counter" ("OTC") for which no sale was reported on the measurement date, within their last reported "bid-ask" range.

APB FINANCIAL GROUP, INC.  
NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Income Taxes*

The Company is not liable for federal and state income taxes, as the stockholder has elected to treat the Company as an "S" Corporation for income tax purposes. As such, the Company's stockholders are generally liable for taxes on corporate income and receive the benefit from corporate losses. However, the Company is liable for New York City income taxes.

The Company complies with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which requires an asset and liability approach to financial reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

*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 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.

APB FINANCIAL GROUP, INC.  
NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(continued)

NOTE 3. FAIR VALUE MEASUREMENTS

The Company's assets recorded at fair value are categorized below based upon a fair value hierarchy in accordance with SFAS No. 157 at December 31, 2008. See Note 2 for a definition and discussion of the Company's policies regarding this hierarchy.

The Company held two, Level 1, security which had a fair value of \$456,567 as of December 31, 2008.

*Equipment*

Equipment is stated at cost less accumulated depreciation and amortization. The Company provides for depreciation and amortization using the straight-line method as follows:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Office equipment	5 years
Furniture and fixtures	7 years

*Commissions and Customer Interest Rebates*

Commissions earned from customer securities transactions and the related commission expense is recognized on a settlement date basis, which does not differ materially from the trade date. Customer interest rebates received from the clearing broker are recognized as earned.

NOTE 4 FIXED ASSETS

Details of fixed assets at December 31, 2008 are as follows:

Office equipment	\$ 287,790
Furniture and fixtures	<u>60,122</u>
	347,912
Les accumulated depreciation and amortization	<u>322,973</u>
	<u>\$ 24,939</u>

APB FINANCIAL GROUP, INC.  
NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(continued)

NOTE 5. NET CAPITAL REQUIREMENT

The Company is a member of FINRA and is subject to the SEC Uniform Net Capital Rule 15c3-1. This Rule requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and 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, 2008 the Company's net capital which was \$690,015 was \$440,015 in excess of its minimum requirement of \$250,000.

NOTE 6. RELATED PARTY TRANSACTIONS

The Company is one of several affiliated companies that are commonly controlled. A portion of the commissions earned by the Company (approximately \$250,000) was from investment entities sponsored by affiliates of the Company. The Company can elect to rebate a portion of the commissions earned. If expenses attributable to such entities exceed the commissions generated, a rebate receivable is recorded. If commissions generated exceed such expenses, a commission payable is recorded. At December 31, 2008, the Company had a gross rebate receivable of \$271,278. Additionally, compensation is paid to the stockholders and officers of the Company based on commission revenues earned. Certain expenses are paid by the Company on behalf of entities that are managed by an affiliate.

An affiliate of the Company has entered into a ten and one half year non-cancelable lease for office space on July 1, 2006, which expires January 31, 2017. The current annual rental under such lease is approximately \$218,000. The Company utilizes a portion of this space and, during 2008, bore approximately \$151,000 of the affiliate's annual rental under such lease. The Company leases its portion of the space on a month to month basis from its affiliate.

APB FINANCIAL GROUP, INC.  
NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2007  
(continued)

NOTE 7. OFF-BALANCE-SHEET RISK AND CONCENTRATIONS OF CREDIT RISK

In the normal course of business, the Company's customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss. Pursuant to a clearance agreement, the Company introduces all of its securities transactions to its clearing broker on a fully disclosed basis. Therefore, all of the customers' money balances and long and short security positions are carried on the books of the clearing broker. In accordance with the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing broker monitor collateral on the securities transactions introduced by the Company. At December 31, 2008, the receivable from clearing broker represents commissions receivable earned as an introducing broker for the transactions of its customers.

In addition, the receivable from the clearing broker is pursuant to this clearance agreement and includes a minimum clearing deposit of \$100,000.

The Company maintains its cash balances in one financial institution. These balances are insured by the Federal Deposit Insurance Corporation up to \$100,000

NOTE 8. EXEMPTION FROM RULE 15c3-3

The Company is exempt from the SEC Rule 15c3-3 pursuant to the exemptive provision under sub-paragraph (k)(2)(ii) and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers".

NOTE 9. EMPLOYEE BENEFIT PLAN

An affiliate of the Company has established a 401(k) and profit sharing plan. The plan covers substantially all employees of the Company and provides those employees who are eligible to participate with retirement benefits. Employees are permitted to contribute between 1% and 15% of their annual compensation, subject to certain limitations and restrictions. The Company may make discretionary profit sharing contributions to the plan during the year. For the year ended December 31, 2008, the Company elected not to make a profit sharing contribution.