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

SEC FILE NUMBER
8-67474

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 January 1, 2008 AND ENDING December 31, 2008
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Private Asset Group, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

3070 Bristol Street, Suite 500

(No. and Street)

Costa Mesa,

CA

92626

(City)

(State)

(Zip Code)

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

Daryl M. Holzberg

714-545-5002

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Elizabeth Tractenberg, CPA

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

3832 Shannon Road

Los Angeles,

CA

90027

(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)

Handwritten initials and date: BB3/11

OATH OR AFFIRMATION

I, Daryl M. Holzberg, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Private Asset Group, 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:

None

[Signature]
Signature
CCO
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 Cash Flows.
- (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.
- (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).

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

ANNUAL AUDIT REPORT

DATE - DECEMBER 31, 2008

PRIVATE ASSET GROUP, INC.

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Elizabeth Tractenberg, CPA

3832 SHANNON ROAD
LOS ANGELES, CALIFORNIA 90027
323/669-0545 – Fax 323/669-0575
INDEPENDENT AUDITOR'S REPORT

Board of Directors
Private Asset Group, Inc.
Costa Mesa, California

I have audited the accompanying statement of financial condition of Private Asset Group, Inc., (the Company) as of December 31, 2008 and related statements of operations, cash flows, and changes in shareholders' equity for the year then ended. These financial statements are being filed pursuant to Rule 17a-5 of the Securities Exchange Act of 1934 and include the supplemental schedule of the net capital computation required by rule 15c3-1. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, such financial statements referred to above present fairly, in all material respects, the financial condition of the Company as of December 31, 2008 and the results of its operations, cash flows and shareholders' equity for the year then ended in conformity with accounting principles generally accepted in the United States.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplemental information on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Page 10 includes supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Elizabeth Tractenberg, CPA
Los Angeles, California
February 26, 2009

PRIVATE ASSET GROUP, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008

ASSETS

Cash	\$	255,259
Concessions receivable		244,508
Due from affiliates		18,413
Other receivables		4,238
Deposits and prepaid expenses		924
Furniture and equipment net of accumulated depreciation of \$33.395		<u>30,083</u>
 TOTAL ASSETS	 \$	 <u><u>553,425</u></u>

LIABILITIES AND SHAREOLDERS' EQUITY

LIABILITIES

Accrued expenses	\$	23,636
Commissions payable		<u>235,409</u>
 TOTAL LIABILITIES		 <u>259,045</u>

SHAREHOLDERS' EQUITY

Paid-in capital	\$	406,701	
Retained earnings		<u>(112,321)</u>	<u>294,380</u>
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	 \$	 <u><u>553,425</u></u>	

See Accompanying Notes to Financial Statements

PRIVATE ASSET GROUP, INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

REVENUES

Commissions	\$ 4,309,424
Due diligence	549,080
Override	496,342
Product revenue	244,508
Interest income	10,792
Other income	<u>17,508</u>
 TOTAL REVENUES	 <u>5,627,654</u>

DIRECT COSTS

Commissions expense	<u>4,921,786</u>
 TOTAL DIRECT COSTS	 <u>4,921,786</u>

GROSS PROFITS 705,868

OPERATING EXPENSES - see page 9 798,244

INCOME BEFORE TAX (92,376)

PROVISION FOR INCOME TAXES 800

NET INCOME \$ (93,176)

See Accompanying Notes to Financial Statements

PRIVATE ASSET GROUP, INC.
 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Common Stock Shares	Common Stock	Contributed Capital	Retained Earnings (Deficit)	Total
Balance, December 31, 2007		\$	\$ 406,701	\$ (19,145)	\$ 387,556
Net Income				(93,176)	(93,176)
Balance, December 31, 2008	<u>0</u>	<u>\$ 0</u>	<u>\$ 406,701</u>	<u>\$ (112,321)</u>	<u>\$ 294,380</u>

See Accompanying Notes to Financial Statements

PRIVATE ASSET GROUP, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

Cash Flows from Operating Activities:	
Net income	\$ (93,176)
Depreciation	24,645
Changes in operating assets and liabilities:	
Commissions receivable	(168,508)
Due from affiliates	(18,413)
Other receivable	(1,421)
Deposits & prepaid expenses	35,816
Accrued expenses	4,374
Commissions payable	<u>175,558</u>
Net cash used for operating activities	(41,125)
Cash Flows for Investing Activities:	
Furniture and equipment	<u>(15,512)</u>
Total Cash Flows for Investing Activities	<u>(15,512)</u>
Cash Flows from Financing Activities:	
Capital contribution	<u>0</u>
Cash Flows from Financing Activities	<u>0</u>
Net decrease in cash	(56,637)
Cash at beginning of year	<u>311,896</u>
Cash at end of year	<u>\$ 255,259</u>

SUPPLEMENTAL INFORMATION

Interest paid	<u>\$ 0</u>
Income taxes paid	<u>\$ 800</u>

See Accompanying Notes to Financial Statements

PRIVATE ASSET GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 - NATURE OF BUSINESS

Private Asset Group, Inc. (the "Company") was incorporated in the State of California on September 11, 2006 under the name of Private Equity Investors, Inc. Subsequently, on September 20, 2006 the Company's name was changed to Private Asset Group, Inc. The Company is registered with the Securities and Exchange Commission as a broker-dealer in securities. The application to NASD was approved on March 15, 2007. The NASD and NYSE Member Regulation consolidated in 2007 to form the Financial Industry Regulatory Agency ("FINRA").

The Company operates under the exemptive provisions of Securities and Exchange Commission (SEC) Rule 15c3-3 (k)(2)(i) Customer Protection Rule. The Company does not hold customer funds or safe keep customer securities. As a result, the Company is exempt from certain provisions and requirements of the Securities Exchange Commission.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of Asset and liabilities and disclosures of contingent Asset 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.

Cash and Cash Equivalents - The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments - Investments in securities are valued at cost.

Property, Equipment and Depreciation - Property and equipment are carried at cost. Depreciation is calculated using a modified accelerated cost recovery system. The estimated lives of the depreciable Asset range from five to seven years.

PRIVATE ASSET GROUP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition - The Company recognizes revenue upon rendering of services.

Income taxes - Income taxes are provided based on earnings reported for financial statement purposes. In accordance with FASB Statement No. 109, the asset and liability method requires the recognition of deferred tax liabilities and Asset for the expected future tax consequences of temporary differences between tax basis and financial reporting basis of asset and liabilities

NOTE 3 - NET CAPITAL REQUIREMENT

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 (\$5,000), or 6 2/3% of aggregate indebtedness, as defined, under such provisions. See page 9 for the computation of net capital.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Company leases facilities under a long-term lease agreement expiring through 2014. The annual rental commitments for years ending December 31 are as follows:

2009	\$ 75,713
2010	77,391
2011	79,065
2012	80,751
After	<u>76,976</u>
	<u>\$ 389,896</u>

PRIVATE ASSET GROUP, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 5 - INCOME TAXES

The Company's fiscal year ends December 31, 2008. The Company files its income tax return on the cash basis. For federal income tax purposes, there is a net operating loss (NOL) of approximately \$120,000 which expires in 2026 and can be used to offset future taxable income. The provision for income taxes for the year consists of the following:

Federal Current	\$ 0
State Current	<u>800</u>
	<u>\$ 800</u>

NOTE 6 - COMPUTATION OF DETERMINATION OF RESERVE REQUIREMENTS PER RULE 15c3-3.

A computation of reserve requirements is not applicable to the Company as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(i) – Customer Protection Rule. The Company does not hold customer funds or safe keep customer securities. Contingent offerings are sold in accordance with the provisions of SEC Rule 15c2-4 whereby the firm promptly forwards to an independent bank escrow agent customers' checks made payable to such escrow agent.

NOTE 7 - INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS PER RULE 15c3-3.

Information relating to possession or control requirements is not applicable to the Company as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(i). The Company does not hold customer funds or safe keep customer securities

PRIVATE ASSET GROUP, INC.
SCHEDULE OF OPERATING EXPENSES
DECEMBER 31, 2008

OPERATING EXPENSES

Depreciation	\$	24,645
Dues and subscriptions		4,894
Insurance		48,688
Office expense		16,137
Postage		24,246
Printing and reproduction		20,662
Professional fees		62,037
Regulatory and other business taxes		41,507
Rent		72,838
Salaries and wages		424,422
Telephone		11,450
Travel expense		10,327
All other		<u>36,391</u>
TOTAL OPERATING EXPENSES	\$	<u>798,244</u>

See Accompanying Notes to Financial Statements

PRIVATE ASSET GROUP, INC.
 COMPUTATION OF NET CAPITAL REQUIREMENTS PURSUANT
 TO RULE 15c3-1
 DECEMBER 31, 2008

COMPUTATION OF NET CAPITAL

Total ownership equity from statement of financial condition	\$ 294,380
Non allowable assets:	
Commissions receivable net of commissions payable	\$ 9,099
Due from affiliates	18,413
Other receivables	4,238
Deposits and prepaid expenses	924
Furniture and equipment net of accumulated	30,083
NET CAPITAL	<u>\$ 231,624</u>

COMPUTATION OF NET CAPITAL REQUIREMENTS

Minimum net aggregate indebtedness -	
6-2/3% of net aggregate indebtedness	<u>\$ 17,270</u>
Minimum dollar net capital required	<u>\$ 5,000</u>
Net Capital required (greater of above amounts)	<u>\$ 17,270</u>
EXCESS CAPITAL	<u>\$ 214,354</u>

Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)	<u>\$ 205,719</u>
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COMPUTATION OF AGGREGATE INDEBTEDNESS

Total liabilities net of deferred income taxes payable and deferred income	<u>\$ 259,045</u>
Percentage of aggregate indebtedness to net capital	112%

The following is a reconciliation of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 179-5(d)(4):

NET CAPITAL PER COMPANY'S COMPUTATION	\$ 232,817
VARIANCE	
Audit adjustments - primarily accruals	<u>(1,193)</u>
NET CAPITAL PER AUDITED REPORT	<u>\$ 231,624</u>

See Accompanying Notes to Financial Statements

PART II

PRIVATE ASSET GROUP, INC.

STATEMENT OF INTERNAL CONTROL

DECEMBER 31, 2008

Elizabeth Tractenberg, CPA

**3832 SHANNON ROAD
LOS ANGELES, CALIFORNIA 90027
323/669-0545 – Fax 323/669-0575**

Independent Auditor's Report on Internal Accounting Control Required by SEC Rule 17a-5

**Board of Directors
Private Asset Group, Inc.
Costa Mesa, California**

In planning and performing my audit of the financial statements and supplemental schedules of Private Asset Group, Inc. (the Company) for the year ended December 31, 2008, I considered its internal control, including control activities for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), I have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that I considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-5(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, I 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
2. Recordation of differences required by Rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board 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

Board of Directors
Private Asset Group, Inc.
Costa Mesa, California

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 generally accepted 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 or 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.

My consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error 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, I noted no matters involving internal control, including control activities for safeguarding securities that I consider to be material weaknesses as defined above.

I 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 my study, I believe that the Company's practices and procedures were adequate on December 31, 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, FINRA, 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 for anyone other than these specified parties.



Elizabeth Tractenberg, CPA
Los Angeles, California
February 26, 2009