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

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

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SEC MAIL  
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SECTION

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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 01/01/04 AND ENDING 12/31/04  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: ~~HIGHLAND SECURITIES CORPORATION~~  
DBA GRIFFIN CAPITAL

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
2321 ROSECRANS AVENUE, SUITE 3290

(No. and Street)

EL SEGUNDO, CALIFORNIA 90245

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
KEVIN A. SHIELDS 310/297-9700  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

GREEN HASSON & JANKS LLP

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

10990 WILSHIRE BOULEVARD, 16TH FLOOR; LOS ANGELES, CALIFORNIA 90024

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

B

JUN 24 2005

THOMSON  
FINANCIAL

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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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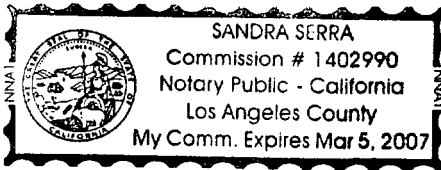
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OATH OR AFFIRMATION

I, KEVIN A. SHIELDS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HIGHLAND SECURITIES CORPORATION DBA GRIFFIN CAPITAL, as of DECEMBER 31, 2004, 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:

[Handwritten Signature]
Signature
PRESIDENT
Title

[Handwritten Signature: Sandra Serra]
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).

**TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

NAME (If individual, state last, first, middle name)

GREEN HASSON & JANKS LLP

70

ADDRESS

10990 WILSHIRE BOULEVARD, 16TH FLOOR; LOS ANGELES, CALIFORNIA 90024

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Zip Code

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Certified Public Accountant

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Public Accountant

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50	51	52	53				



**HIGHLAND SECURITIES CORPORATION  
dba GRIFFIN CAPITAL**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2004**

**HIGHLAND SECURITIES CORPORATION  
dba GRIFFIN CAPITAL**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2004**

**CONTENTS**

	<b>Page</b>
Independent Auditors' Report .....	1
Statement of Financial Condition.....	2
Statement of Operations.....	3
Statement of Changes in Stockholder's Equity .....	4
Statement of Cash Flows.....	5
Notes to Financial Statements .....	6
Supplemental Information .....	8
Independent Auditors' Report on Supplemental Information Required by Rule 17a-5 of the Securities and Exchange Commission .....	9
Schedule I – Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission.....	10
Schedule II – Reconciliation of the Company's Computation of Net Capital to Amounts Reported in Part II of Form X-17A-5 .....	11
Schedule III – Computation for Determination of Reserve Requirements under Rule 15c3-3 of the Securities and Exchange Commission.....	12
Schedule IV – Information Relating to Possession or Control Requirements under Rule 15c3-3 of the Securities and Exchange Commission.....	12
Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5 .....	13



GREEN HASSON & JANKS LLP  
BUSINESS ADVISORS AND CPAs  
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INDEPENDENT AUDITORS' REPORT

Board of Directors  
Highland Securities Corporation  
dba Griffin Capital

We have audited the accompanying statement of financial condition of Highland Securities Corporation dba Griffin Capital, as of December 31, 2004, and the related statements of operations, changes in stockholder's equity, 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 Highland Securities Corporation dba Griffin Capital, as of December 31, 2004, 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.

*Green Hasson & Janks LLP*

February 5, 2005  
Los Angeles, California

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HIGHLAND SECURITIES CORPORATION  
dba GRIFFIN CAPITAL

STATEMENT OF FINANCIAL CONDITION  
December 31, 2004

ASSETS

**CURRENT ASSETS:**

Cash	\$	733
Marketable Securities		11,426
Investment in Company		600

**TOTAL CURRENT ASSETS** \$ 12,759

**OTHER ASSET:**

Deferred Tax Asset		17,000
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**TOTAL ASSETS** \$ 29,759

LIABILITIES AND STOCKHOLDER'S EQUITY

**LIABILITIES** \$ --

**STOCKHOLDER'S EQUITY:**

Common Stock – No Par Value, 5,000 Shares Authorized, Issued and Outstanding	\$	5,000
Additional Paid-In Capital		142,763
Accumulated Deficit		(118,004)

**TOTAL STOCKHOLDER'S EQUITY** 29,759

**TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY** \$ 29,759

The Accompanying Notes are an Integral Part of These Financial Statements

**HIGHLAND SECURITIES CORPORATION**  
**dba GRIFFIN CAPITAL**

**STATEMENT OF OPERATIONS**  
**Year Ended December 31, 2004**

<b>REVENUES</b>		\$ 1,228,456
<b>EXPENSES:</b>		
Bank Charges	\$ 144	
Commission	1,228,456	
Dues and Subscriptions	150	
Professional Fees	6,800	
Taxes, Licenses and NASD Fees	<u>2,440</u>	
<b>TOTAL EXPENSES</b>		<u>1,237,990</u>
<b>LOSS FROM OPERATIONS</b>		(9,534)
<b>OTHER INCOME (EXPENSE):</b>		
Interest and Dividend Income	380	
Realized Loss on Investments	(1,054)	
Unrealized Gain on Investments	<u>1,557</u>	
<b>TOTAL OTHER INCOME (EXPENSE)</b>		<u>883</u>
<b>LOSS BEFORE PROVISION FOR INCOME TAXES</b>		(8,651)
Provision for Income Taxes		<u>800</u>
<b>NET LOSS</b>		<u>\$ (9,451)</u>

The Accompanying Notes are an Integral Part of These Financial Statements



**HIGHLAND SECURITIES CORPORATION**  
**dba GRIFFIN CAPITAL**

**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**Year Ended December 31, 2004**

	<u>Common Stock</u>		Additional Paid-In Capital	Accumulated Deficit	Stockholder's Equity
	Number of Shares	Amount			
Balance at January 1, 2004	5,000	\$ 5,000	\$ 133,063	\$ (108,553)	\$ 29,510
Capital Contribution	--	--	9,700	--	9,700
Net Loss	--	--	--	(9,451)	(9,451)
<b><i>BALANCE AT DECEMBER 31, 2004</i></b>	<b>5,000</b>	<b>\$ 5,000</b>	<b>\$ 142,763</b>	<b>\$ (118,004)</b>	<b>\$ 29,759</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**HIGHLAND SECURITIES CORPORATION  
dba GRIFFIN CAPITAL**

**STATEMENT OF CASH FLOWS  
Year Ended December 31, 2004**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net Loss	\$ (9,451)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:	
Net Gain on Investments	(503)

<b><i>NET CASH USED IN OPERATING ACTIVITIES</i></b>	<b>\$ (9,954)</b>
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**CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:**

Proceeds from Contribution of Additional Paid-In Capital	9,700
--	-------

<b><i>NET DECREASE IN CASH</i></b>	<b>(254)</b>
------------------------------------	--------------

Cash - Beginning of Year	987
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<b><i>CASH - END OF YEAR</i></b>	<b>\$ <u>733</u></b>
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**SUPPLEMENTAL DISCLOSURES OF  
CASH FLOW INFORMATION:**

Cash Paid During the Year for Income Taxes	\$ 800
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The Accompanying Notes are an Integral Part of These Financial Statements

**HIGHLAND SECURITIES CORPORATION**  
**dba GRIFFIN CAPITAL**

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2004

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) NATURE OF BUSINESS**

Highland Securities Corporation dba Griffin Capital, (the company) is primarily engaged in the business of brokering private placements of debt and equity financing on leased assets. The company was incorporated on June 26, 1991.

The company operates under the provisions of Paragraph (k)(1) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that Rule. Essentially, the requirements of Paragraph (k)(1) provide that the company limits its dealer transactions to the purchase, sale and redemption of redeemable securities of registered investment companies or participation in an insurance company separate account. The broker transactions are limited to the sale and redemption of redeemable securities of registered investment companies or participation in an insurance company separate account. The company is required to transmit all funds and securities promptly and not to hold funds or securities for, or owe money to, customers.

**(b) MANAGEMENT'S USE OF ESTIMATES**

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**(c) INVESTMENTS**

Trading securities, comprised of marketable equity securities, are recorded at fair value based on trading in the public market.

The investment in company is recorded at historic cost.

**(d) REVENUE AND EXPENSE RECOGNITION**

Revenue related to the brokering of private placements is recognized when the services are completed. In most cases, this would be at the closing of the transaction. Expenses related to an individual private placement are capitalized and recognized as a cost of the transaction upon recognition of the related revenue. Expenses related to transactions which are abandoned are recognized at the date of abandonment.

**(e) INCOME TAXES**

Income taxes are provided based on income reported in the financial statements adjusted for transactions that do not enter into the computation of income taxes payable.

**HIGHLAND SECURITIES CORPORATION**  
**dba GRIFFIN CAPITAL**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(e) **INCOME TAXES (continued)**

Deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

**NOTE 2 - INVESTMENTS**

The company's investments are summarized as follows at December 31, 2004:

	Cost	Gross Unrealized Gain	Fair Value
Trading Securities: Common Stock	\$ 9,869	\$ 1,557	\$ 11,426

**NOTE 3 - INCOME TAXES**

Deferred income taxes consist of the following:

<b>DEFERRED TAX ASSET:</b>	
Net Operating Loss Carryforwards	\$ 18,000
<b>DEFERRED TAX LIABILITY:</b>	
State Income Taxes	(1,000)
<b>NET DEFERRED TAX ASSETS</b>	<b>\$ 17,000</b>

As of December 31, 2004, the company has net operating loss carryforwards for federal income tax purposes of approximately \$85,000, which will expire in years 2015 through 2024. As of December 31, 2004, the company has net operating loss carryforwards for state franchise tax purposes of approximately \$35,000, which will expire in years 2010 through 2014.

**NOTE 4 - NET CAPITAL REQUIREMENTS**

The company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1 which requires the maintenance of minimum net capital at all times and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule also provides 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, 2004, the company had net capital of \$10,445, which is \$5,445 in excess of its required net capital of \$5,000.

**HIGHLAND SECURITIES CORPORATION**  
**dba GRIFFIN CAPITAL**

SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2004



GREEN HASSON & JANKS LLP

BUSINESS ADVISORS AND CPAs

-Since 1953-

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTAL INFORMATION REQUIRED BY  
RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION**

Board of Directors  
Highland Securities Corporation  
dba Griffin Capital

We have audited the accompanying financial statements of Highland Securities Corporation dba Griffin Capital, as of and for the year ended December 31, 2004, and have issued our report thereon dated February 5, 2005. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in schedules I, II, III, and IV is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplemental 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.

*Green Hasson & Janks LLP*

February 5, 2005  
Los Angeles, California

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**HIGHLAND SECURITIES CORPORATION**  
**dba GRIFFIN CAPITAL**

SCHEDULE I  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION  
As of December 31, 2004

**NET CAPITAL:**

Total Stockholder's Equity	\$ 29,759
Nonallowable Assets	(17,600)
15% Haircut on Security Positions	<u>(1,714)</u>

***NET CAPITAL***

\$ 10,445

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:**

Minimum Net Capital Required	<u>\$ 5,000</u>
------------------------------	-----------------

Excess Net Capital	<u>\$ 5,445</u>
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Excess Net Capital at 1500%	<u>\$ 10,445</u>
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Excess Net Capital at 1000%	<u>\$ 10,445</u>
-----------------------------	------------------

Ratio: Aggregate Indebtedness to Net Capital	<u>0 to 1.00</u>
--	------------------

HIGHLAND SECURITIES CORPORATION  
dba GRIFFIN CAPITAL

SCHEDULE II  
RECONCILIATION OF THE COMPANY'S COMPUTATION  
OF NET CAPITAL TO AMOUNTS REPORTED IN  
PART II OF FORM X-17A-5  
As of December 31, 2004

Net Capital as Reported in the Company's Focus Report Part II	\$ 10,445
Net Capital Per Schedule I	<u>10,445</u>
<b>DIFFERENCE</b>	<u><u>\$ --</u></u>
Excess Net Capital as Reported in the Company's Focus Report Part II	\$ 5,445
Excess Net Capital Per Schedule I	<u>5,445</u>
<b>DIFFERENCE</b>	<u><u>\$ --</u></u>

See Independent Auditors' Report on Supplemental Information



**HIGHLAND SECURITIES CORPORATION  
dba GRIFFIN CAPITAL**

**SCHEDULE III  
COMPUTATION FOR DETERMINATION OF RESERVE  
REQUIREMENTS UNDER RULE 15c3-3 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
As of December 31, 2004**

Exemption is claimed under Section (k)(1) of Rule 15c3-3.

**SCHEDULE IV  
INFORMATION RELATING TO POSSESSION OR CONTROL  
REQUIREMENTS UNDER RULE 15c3-3 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
As of December 31, 2004**

Exemption is claimed under Section (k)(1) of Rule 15c3-3.



GREEN HASSON & JANKS LLP

BUSINESS ADVISORS AND CPAs

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
REQUIRED BY SEC RULE 17a-5**

Board of Directors  
Highland Securities Corporation  
dba Griffin Capital

In planning and performing our audit of the financial statements and supplemental schedules of Highland Securities Corporation dba Griffin Capital, (the company) for the year ended December 31, 2004, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the company including 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.
2. Recordation of differences required by Rule 17a-13.
3. Complying with the requirements for prompt payment of securities under Section 8 of the 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 an internal control structure 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 structure 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 SEC's above-mentioned objectives. Two of the objectives of an internal control structure 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 generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.



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Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities 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 structure would not necessarily disclose all matters in the internal control structure 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 structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 control structure, including procedures 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 were adequate at December 31, 2004 to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, 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 should not be used by anyone other than these specified parties.

*Green Hasson & Janks LLP*

February 5, 2005  
Los Angeles, California