

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

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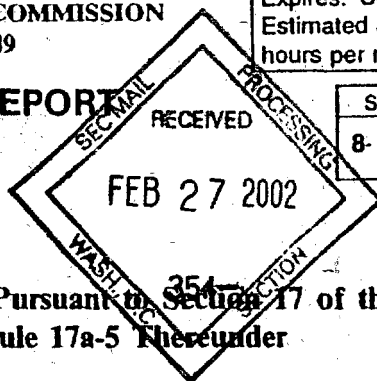
ANNUAL AUDITED REPORT
FORM X-17A-5
PART III



02003041

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder



SEC FILE NUMBER
8- 37319

REPORT FOR THE PERIOD BEGINNING 01/01/01 AND ENDING 12/31/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

HOLBEIN ASSOCIATES, INC.

OFFICIAL USE ONLY
FIRM ID. NO.

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

15770 DALLAS PARKWAY, SUITE 901

(No. and Street)

DALLAS,

TEXAS

75248

(City)

(State)

(Zip Code)

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

RICHARD HOLBEIN

(972) 934-9333

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

HUTTON PATTERSON & COMPANY

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

4450 SIGMA, SUITE 130

DALLAS,

TEXAS

75244

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

APR 01 2002

THOMSON FINANCIAL

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).

SEC 1410 (3-91)

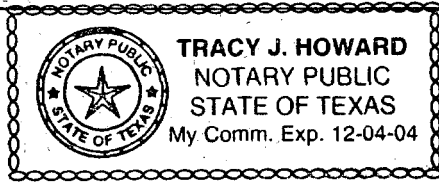
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Handwritten initials and date: 3/28

OATH OR AFFIRMATION

I, RICHARD HOLBEIN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HOLBEIN ASSOCIATES, INC., as of DECEMBER 31, 2001, 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:

NO EXCEPTIONS



Richard Holbein

Signature

PRESIDENT

Title

Tracy J. Howard
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 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 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).

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INDEPENDENT AUDITORS' REPORT

Holbein Associates, Inc.
Dallas, Texas

We have audited the statements of financial condition of Holbein Associates, Inc. (an S Corporation), as of December 31, 2001 and 2000, and the related statements of income, changes in shareholder's equity, changes in liabilities subordinated to claims of general creditors 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 U.S. generally accepted auditing standards. 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 position of Holbein Associates, Inc. as of December 31, 2001 and 2000, the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplemental information section 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 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audits 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.

Hutton, Patterson & Company

January 22, 2002
Dallas, Texas

HOLBEIN ASSOCIATES, INC.
 Statements of Financial Condition
 December 31, 2001 and 2000

ASSETS		
	2001	2000
CURRENT ASSETS		
Cash	\$ 72,305	\$ 92,028
Fees receivable	57,551	123,887
Commissions receivable	-	1,013
TOTAL CURRENT ASSETS	129,856	216,928
 FURNITURE AND EQUIPMENT		
Computer equipment	81,170	77,750
Office furniture and equipment	19,380	12,292
Telephone system	7,378	7,378
	107,928	97,420
Less accumulated depreciation	88,107	78,193
NET FURNITURE AND EQUIPMENT	19,821	19,227
 OTHER ASSETS		
Deposit	-	1,200
Investment (at cost)	18,900	18,900
	18,900	20,100
	\$ 168,577	\$ 256,255

(Continued)

HOLBEIN ASSOCIATES, INC.
Statements of Financial Condition *(Continued)*
December 31, 2001 and 2000

LIABILITIES AND SHAREHOLDER'S EQUITY

	2001	2000
CURRENT LIABILITIES		
Accounts payable	\$ 19,346	\$ 36,256
Payroll taxes	<u>1,205</u>	<u>20</u>
TOTAL CURRENT LIABILITIES	<u>20,551</u>	<u>36,276</u>
 SHAREHOLDER'S EQUITY		
Common stock (100,000 shares authorized, 10,000 shares issued and outstanding, no par value)	10,000	10,000
Retained earnings	<u>138,026</u>	<u>209,979</u>
TOTAL SHAREHOLDER'S EQUITY	<u>148,026</u>	<u>219,979</u>
	<u><u>\$ 168,577</u></u>	<u><u>\$ 256,255</u></u>

*The accompanying notes are an integral part
of these financial statements.*

HOLBEIN ASSOCIATES, INC.

Statements of Income

For the Years Ended December 31, 2001 and 2000

	2001	2000
INCOME		
Commissions	\$ 51,198	\$110,993
Fees	690,915	790,780
	<u>742,113</u>	<u>901,773</u>
OPERATING EXPENSES		
Salaries	508,208	600,105
Payroll taxes	31,829	29,650
Bank charges	207	271
Conference fees	697	800
Contributions	2,975	4,725
Copy expense	3,746	6,350
Data processing	57,064	76,527
Depreciation	9,914	11,383
Fees and registrations	4,918	3,913
Insurance	17,379	16,811
Legal and accounting	3,228	3,229
Meals and entertainment	4,121	4,044
Moving expense	1,552	-
Office expense	75,600	67,249
Postage	2,712	4,103
Professional associations	1,465	1,770
Purchased services	23,418	25,803
Taxes	3,595	2,026
Telecommunications	9,195	10,151
Travel	52,965	57,784
Training	1,730	1,047
	<u>816,518</u>	<u>927,741</u>
OPERATING (LOSS) INCOME	(74,405)	(25,968)
OTHER INCOME		
Dividend income	2,452	7,520
Interest income	-	40
NET (LOSS) INCOME	<u>\$ (71,953)</u>	<u>\$ (18,408)</u>

*The accompanying notes are an integral part
of these financial statements.*

HOLBEIN ASSOCIATES, INC.
Statement of Changes in Shareholder's Equity
For the Years Ended December 31, 2001 and 2000

	<u>NUMBER OF SHARES</u>	<u>COMMON STOCK</u>	<u>RETAINED EARNINGS</u>	<u>TOTAL</u>
BALANCE, December 31, 1999	10,000	\$ 10,000	\$ 228,387	\$ 238,387
Net Income	<u>-</u>	<u>-</u>	<u>(18,408)</u>	<u>(18,408)</u>
BALANCE, December 31, 2000	10,000	10,000	209,979	219,979
Net Loss	<u>-</u>	<u>-</u>	<u>(71,953)</u>	<u>(71,953)</u>
BALANCE, December 31, 2001	<u><u>10,000</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 138,026</u></u>	<u><u>\$ 148,026</u></u>

*The accompanying notes are an integral part
of these financial statements.*

HOLBEIN ASSOCIATES, INC.
Statements of Changes in Liabilities
Subordinated to Claims of General Creditors
For the Years Ended December 31, 2001 and 2000

	2001	2000
BALANCE, beginning	\$ -	\$ -
Increases	-	-
Decreases	-	-
	<hr/>	<hr/>
BALANCE, ending	<u>\$ -</u>	<u>\$ -</u>

*The accompanying notes are an integral part
of these financial statements.*

HOLBEIN ASSOCIATES, INC.
 Statements of Cash Flows
 For the Years Ended December 31, 2001 and 2000

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(\$71,953)	(\$18,408)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities		
Depreciation	9,914	11,383
Changes in assets and liabilities		
Decrease in fees receivable	66,336	41,310
Decrease in commissions receivable	1,013	5,604
Decrease in deposits	1,200	-
(Decrease) increase in accounts payable	(16,910)	14,939
Increase in payroll taxes	1,185	20
	(9,215)	54,848
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	(10,508)	(5,350)
Purchase of investment	-	(18,900)
	(10,508)	(24,250)
NET (DECREASE) INCREASE IN CASH	(19,723)	30,598
CASH, beginning	92,028	61,430
CASH, ending	\$ 72,305	\$ 92,028

*The accompanying notes are an integral part
of these financial statements.*

HOLBEIN ASSOCIATES, INC.
Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Company Activities

Holbein Associates, Inc. (the Company) was incorporated March 13, 1986, under the laws of the State of Texas. Principal business activities consist of providing institutional clients with asset consulting services.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Commissions Income

Commissions income is recognized on a trade date basis.

Fees and Commissions Receivable

Fees, brokerage, and commissions receivable are generally received within ten days of month end.

Federal Income Tax

The Company has elected "S" Corporation status for federal income tax purposes. All income is taxed directly to the shareholder and no provision is made for federal income tax expense on the Company's financial statements.

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is provided by the straight-line method over the estimated useful lives of the assets, ranging from five to seven years.

(Continued)

HOLBEIN ASSOCIATES, INC.
Notes to Financial Statements *(Continued)*

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Reserve for Doubtful Accounts

The Company's policy is to expense fees receivable of doubtful collectibility, therefore, no reserve is provided.

Investment

The investment consists of shares of NASDAQ which are currently restricted. The investment is stated at cost, which does not exceed the estimated net realizable value.

NOTE B - NET CAPITAL

Pursuant to the net capital provisions of rule 15(a)(3-1) of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital as defined under such provisions. Net capital will fluctuate on a daily basis. The Company had net capital of \$50,441 and \$55,789 at December 31, 2001 and 2000, respectively.

NOTE C - COMMITMENTS AND CONTINGENCIES

The Company leased its principal office in Dallas, Texas under an operating lease that expired September 30, 2001. In October 2001, the Company moved to a new location under an operating lease that expires September 30, 2006. Monthly rentals of \$6,839 continue through the 36th month of the agreement then increase to \$7,165 through the remaining 24 months. As of December 31, 2001, future minimum lease commitments under the new non-cancelable operating lease are as follows:

2002	\$82,068
2003	\$82,068
2004	\$83,045
2005	\$85,976
2006	\$64,482

Office lease expenses of \$60,941 and \$52,976 are included in office expense for the years ended December 31, 2001 and 2000, respectively.

SUPPLEMENTAL INFORMATION

HOLBEIN ASSOCIATES, INC.

Computations of Net Capital

December 31, 2001 and 2000

	2001	2000
TOTAL SHAREHOLDER'S EQUITY	<u>\$148,026</u>	<u>\$219,979</u>
LESS		
Unsecured receivables	57,551	123,887
Net furniture and equipment	19,821	19,227
Deposits	-	1,200
	<u>77,372</u>	<u>144,314</u>
TOTAL CAPITAL	70,654	75,665
DEDUCTIONS	-	-
NET CAPITAL BEFORE HAIRCUTS ON SECURITIES POSITIONS	70,654	75,665
HAIRCUTS ON SECURITIES		
Money market funds, 2%	(1,313)	(976)
Other securities	<u>(18,900)</u>	<u>(18,900)</u>
NET CAPITAL	<u>\$ 50,441</u>	<u>\$ 55,789</u>
RECONCILIATION WITH COMPANY'S COMPUTATION (Included in Part II of Form X-17a-5 as of December 31, 2001 and 2000)		
NET CAPITAL as reported in Company's Part II (unaudited) focus report	\$ 50,439	\$ 55,789
ADJUSTMENTS, rounding	<u>2</u>	<u>-</u>
NET CAPITAL	<u>\$ 50,441</u>	<u>\$ 55,789</u>

*The accompanying notes are an integral part
of these financial statements.*

HOLBEIN ASSOCIATES, INC.
Computations of Basic Net Capital Requirement
December 31, 2001 and 2000

	2001	2000
MINIMUM NET CAPITAL REQUIRED	<u>\$ 1,370</u>	<u>\$ 2,418</u>
MINIMUM DOLLAR NET CAPITAL REQUIREMENT OF REPORTING DEALER	<u>\$ 5,000</u>	<u>\$ 5,000</u>
NET CAPITAL REQUIREMENT	<u>\$ 5,000</u>	<u>\$ 5,000</u>
EXCESS NET CAPITAL	<u>\$ 45,441</u>	<u>\$ 50,789</u>
EXCESS NET CAPITAL AT 1000%	<u>\$ 48,386</u>	<u>\$ 52,161</u>

*The accompanying notes are an integral part
of these financial statements.*

HOLBEIN ASSOCIATES, INC.
 Computations of Aggregate Indebtedness
 December 31, 2001 and 2000

	2001	2000
TOTAL AGGREGATE INDEBTEDNESS LIABILITIES FROM BALANCE SHEET	\$ 20,551	\$ 36,276
ADD		
Drafts for immediate credit	-	-
Market value of securities borrowed for which no equivalent value is paid or credited	-	-
Other unrecorded amounts	-	-
TOTAL AGGREGATE INDEBTEDNESS	<u>\$ 20,551</u>	<u>\$ 36,276</u>
PERCENTAGE OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>41%</u>	<u>65%</u>
PERCENTAGE OF DEBT TO DEBT EQUITY TOTAL COMPUTED IN ACCORDANCE WITH RULE 15c3-1(d)	<u>N/A</u>	<u>N/A</u>

*The accompanying notes are an integral part
of these financial statements.*

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



Holbein Associates, Inc.
Dallas, Texas

In planning and performing our audits of the financial statements and supplemental schedules of Holbein Associates, Inc. (the Company), for the years ended December 31, 2001 and 2000, we considered its internal control, including control activities 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 internal control.

Also, as required by rule 17a-5(g)(1) of the Securities 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 (or aggregate debits) 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 for securities under Section 8 of 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 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 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.

(Continued)

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Dallas, Texas 75244

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

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.

Our 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, we noted no matters involving internal control, including control activities 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, 2001 and 2000, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC and other regulatory agencies that rely on rule 17a-5(g) under Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Lutton, Patterson + Company

January 22, 2002
Dallas, Texas

HOLBEIN ASSOCIATES, INC.

*Independent Auditors' Report
and Financial Statements*

December 31, 2001 and 2000
