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

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

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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 1/1/2001 AND ENDING 12/31/2001
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

HERMAN, ALEXIS & CO., INC.

OFFICIAL USE ONLY
FIRM ID. NO.

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

1522 West Manchester Ave.

(No. and Street)

Los Angeles

CA

90047

(City)

(State)

(Zip Code)

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

MARK H. RHYNES

313 759-3920

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

MARTIN C. PARK

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

3580 Wilshire Blvd Suite 1040 Los Angeles 90010

(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

Handwritten signature/initials

FOR OFFICIAL USE ONLY
THOMSON FINANCIAL

*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, MARK H. RHYNES, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HERMAN ALEXIS & CO., 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:

[Signature]
Signature

PRESIDENT
Title

Herman E. Rhynes
Notary Public

SUBSCRIBED AND SWORN TO BEFORE ME

THIS 28th DAY OF Feb 19 2002

Herman E. Rhynes
NOTARY PUBLIC - CALIFORNIA

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).

HERMAN, ALEXIS & CO., INC.

FINANCIAL STATEMENTS
and ADDITIONAL INFORMATION

DECEMBER 31, 2001

Martin C. Park, CPA
Los Angeles, California

HERMAN, ALEXIS & CO., INC.

DECEMBER 31, 2001

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MARTIN C. PARK, CPA
3580 Wilshire Blvd., Suite 1040
Los Angeles, California 90010
Telephone: (213) 386-3221
Fax: (213) 387-6225

**To the Board of Directors
Herman, Alexis & Co., Inc.
1522 West Manchester Ave.
Los Angeles, CA 90047**

We have audited the statement of financial condition of Herman, Alexis & Co., Inc. as of December 31, 2001 and the related statements of income and retained earnings, changes in stockholders' equity, and cash flows for the year 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 audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 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 statements referred to above presents fairly, in all material respects, the financial position of Herman, Alexis & Co., Inc. as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the basic financial statements, taken as a whole. The information contained in schedules on pages 8 - 12 are presented for purpose of additional analysis and is not a required part of the basic financial statements, but is 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 examination 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.



February 28, 2002
Los Angeles, California

HERMAN, ALEXIS & CO., INC.
STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2001

ASSETS

Current Assets

Cash	\$	4	
Investments - Note E		<u>5,550</u>	\$ 5,554

Other Assets

Organization cost - net of amortization of of \$14,518 - Note A		-	
Deposits in Clearing House		<u>25,000</u>	<u>25,000</u>

Total Assets			<u><u>\$ 30,554</u></u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Accounts payable	\$	1,006	
Brokers payable		65	
Accrued taxes - Note B		<u>3,876</u>	<u>\$ 4,947</u>

Total Liabilities			4,947
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Stockholders' Equity - Note C

Common stock, no par value		100	
100 shares authorized, issued, and outstanding			
Additional paid-in-capital		78,885	
Accumulated unrealized gain/(loss) on investments		(67,750)	
Retained earnings (deficit)		<u>14,371</u>	<u>25,607</u>

Total Liabilities and Stockholders' Equity			<u><u>\$ 30,554</u></u>
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See accompanying notes to financial statements

HERMAN, ALEXIS & CO., INC.
STATEMENT OF INCOME AND RETAINED EARNINGS (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 2001

Net Sales	\$ 42,749
Operating Expenses	<u>56,796</u>
Income from Operation	(14,047)
Other Income and (Expenses)	<u>(57,602)</u>
Income (Loss) before Income Tax	(71,649)
Provision for Income Tax - Note B	<u>2,751</u>
Net Income (Loss)	\$ (74,401)
Retained Earnings (Deficit), January 1, 2001	<u>88,771</u>
Retained Earnings (Deficit), December 31, 2001	<u><u>\$ 14,371</u></u>

See accompanying notes to financial statements

HERMAN, ALEXIS & CO., INC.
 STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
 AS OF DECEMBER 31, 2001

	Beg. Balance <u>Jan. 1, 2001</u>	Changes	Ending Balance <u>Dec. 31, 2001</u>
Common Stock	\$ 100	\$ -	\$ 100 ✓
Additional Paid-in-capital	65,867	13,018	78,885 ✓
Accumulated Unrealized (Loss) on Investment	(89,690)	21,940	(67,750) ✓
Retained Earnings (Deficit)	<u>88,771</u>	<u>(74,400)</u>	<u>14,371</u> ✓
Stockholders' Equity	<u>\$ 65,049</u>	<u>\$ (39,442)</u>	<u>\$ 25,607</u>

See accompanying notes to financial statements

HERMAN, ALEXIS & CO., INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001

Cash flows from operating activities :		
Net income(loss)		\$ (74,400)
Adjustment to reconcile net income to net cash provided by operating activities :		
Amortization expense	\$ -	
Decrease in deposit accounts	1,492	
Increase in accounts payable	31	
Decrease in broker payable	(1,897)	
Decrease in due to shareholder	(2,325)	
Increase in accrued taxes	1,476	
Loss on sale of investment	<u>60,000</u>	
Net cash used by operating activities		58,777
Cash flows from investing activities :		
Proceed from sale of investments	2,500	
Net cash used by investing activities		2,500
Cash flows from financing activities :		
Increase in additional paid-in-capital	<u>13,018</u>	
Net cash provided by financing activities		<u>13,018</u>
Net change in cash and cash equivalent		(105)
Cash and cash equivalents at January 1, 2001		<u>109</u>
Cash and cash equivalents at December 31, 2001		<u><u>\$ 4</u></u>

See accompanying notes to financial statements

HERMAN, ALEXIS & CO., INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS ORGANIZATION AND OPERATIONS

The Company, which is a member of the National Association of Securities Dealers, Inc., was incorporated in the state of Delaware in February 1994 for the purpose of acting as a broker-dealer and operates in the state of California. The Company began its operation in January 1995 and was granted registration as a broker-dealer pursuant to Section 15 (b) of the Securities Exchange Act of 1934. The company performs services for its customers on a fully disclosed basis. These customer transactions are mainly cleared through RPR Correspondent Clearing. The Company also provides various management advisory services.

AMORTIZATION OF ORGANIZATION COSTS

Costs in organizing the Company are recorded as organizational costs and are amortized over 5 years on a straight-line basis.

Note B - INCOME TAXES

The Company's shareholder elected S Corporation status effective May 16, 1994. In lieu of corporate income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, provision or liability only for state (California) income tax has been included in these financial statements.

Note C - NET CAPITAL REQUIREMENTS

Pursuant to the Net Capital Provision of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum Net Capital, as defined under such provisions. At December 31, 2001, the Company had a Net Capital of \$20,057, which was \$16,057 in excess of the minimum Net Capital Requirement.

Note D - SPECIAL ACCOUNT FOR EXCLUSIVE BENEFIT OF CUSTOMERS

The Company is exempt from the provisions of Rule 15c3-3 of the Securities and Exchange Act of 1934 and therefore, among other things, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers," since it meets the requirement of Rule 15c3-3 (k) (2) (a) and does not carry security accounts for customers or perform custodial functions relating to customer securities.

HERMAN, ALEXIS & CO., INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

Note E – INVESTMENTS

The stocks were recorded at their fair market value when received. The year-end market value adjustment is not recognized in income but rather is accumulated and presented as an element of stockholders' equity.

HERMAN, ALEXIS & CO., INC.
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENT
UNDER RULE 15C3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2001

Herman, Alexis & Co., Inc. claims an exemption from Rule 15c3-3 based on Section 15c3-3 (k)(2)(ii) who, as an introducing broker or dealer, clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, and who promptly transmits all customers funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Rules 17a-3 and 17a-4, as are customarily made and kept by the broker or dealer. The clearing broker is Dain Rauscher.

HERMAN, ALEXIS & CO., INC.
INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2001

Herman, Alexis & Co., Inc. claims an exemption from rule 15c3-3 based on Section 15c3-3 (k)(2)(ii) who, as an introducing broker or dealer, clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, or who promptly transmits all customer funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Rules 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer.

HERMAN, ALEXIS & CO., INC.
COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2001

NET CAPITAL

Total stockholders' equity qualified for net capital	\$ 25,607
Add : Liabilities subordinated to claims of general creditors allowable in computation of net capital	<u> -</u>
Total capital and allowable subordinated liabilities	25,607
Deductions and/or charges	
Non-allowable assets	
Investments	\$ 5,550
Deposit accounts - excess	<u> -</u>
Total deductions and/or charges	<u>5,550</u>
Net Capital	<u><u>\$ 20,057</u></u>

HERMAN, ALEXIS & CO., INC.
COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2001

AGGREGATE INDEBTEDNESS

Items Included In statement of financial condition	
Accounts payable	\$ 4,947
	<hr/>
Total aggregate indebtedness	\$ 4,947
	<hr/>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS

Minimum net capital required or \$ 5,000 if greater	\$ 5,000
Excess net capital at 1500 %	14,315
	<hr/>
Excess net capital at 1000 %	14,563
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Ratio : Aggregate indebtedness to net capital	0.25 to 1
	<hr/>

HERMAN, ALEXIS & CO., INC.
COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2001

RECONCILIATION WITH COMPANY'S COMPUTATION

(Included in part IIA of form X-17A-5 as of December 31, 2001)

Net capital, as reported in company's part IIA (unaudited) focus report	\$ 19,352
Net audit adjustments	<u>705</u>
Net capital per above - See Note C	<u>\$ 20,057</u>

MARTIN C. PARK, CPA
3580 Wilshire Blvd., Suite 1040
Los Angeles, California 90010
Telephone: (213) 386-3221
Fax: (213) 387-6225

**To the Board of Directors
Herman, Alexis & Co., Inc.
1522 West Manchester Ave.
Los Angeles, CA 90047**

We have examined the financial statements of **Herman, Alexis & Co., Inc.** for the year ended December 31, 2001 and have issued our report thereon dated February 28, 2002. As part of our examination we made a study and an evaluation of the Company's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation, which included obtaining an understanding of the accounting system, was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the financial statements.

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 the customer securities. The Company is in compliance with the conditions of the exemption and no facts have come to our attention indicating that such conditions had not been complied with during the period.

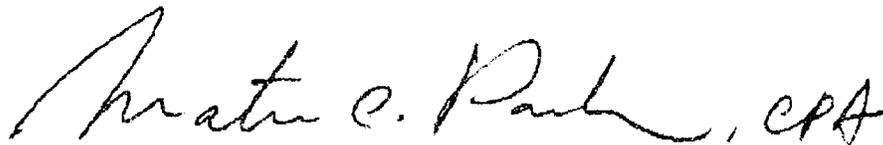
The management of the Company is responsible for establishing and maintaining a system of internal accounting control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control 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. The objectives of a system 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 accordance 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 any internal accounting control procedures or the practices and procedures referred to above, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that may become inadequate because of changes in conditions or that the degree of compliance with them may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of **Herman, Alexis & Co., Inc.** taken as a whole. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

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 purpose 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, to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the New York Stock Exchange, Inc. (or other designated regulatory organizations) and other regulatory agencies which rely on Rule 17a-5 (9) under the Securities Exchange Act of 1934 and should not to be used for any other purpose.

A handwritten signature in black ink that reads "Arthur C. Paul, CPA". The signature is written in a cursive style with a large initial 'A' and a long, sweeping underline.

February 28, 2002
Los Angeles, California