



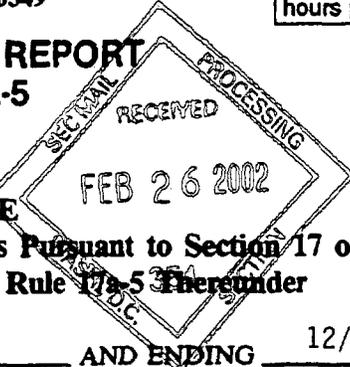
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

SEC FILE NUMBER
8- 16566



UH
3-7-02

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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
A.R. SCHMEIDLER & CO., INC.

OFFICIAL USE ONLY
FIRM ID. NO.

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

(No. and Street)

New York

NY

10017-2416

(City)

(State)

(Zip Code)

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

Mr. Peter G. Kandel, Jr. V.P. 212-687-9800

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

LIPSKY, GOODKIN & CO., P.C.

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

120 WEST 45TH STREET

NEW YORK

NY

10036

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 15 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).

OATH OR AFFIRMATION

I, PETER G. KANDEL, JR., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of A.R. SCHMEIDLER & CO., INC.

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:

Sworn to before me
this 22nd day of Feb, 2002

Joel B. Lipsky
Notary Public

Peter G. Kandel Jr
Signature
VICE PRESIDENT - TREASURER
Title

JOEL B. LIPSKY
Notary Public, State of New York
No. 60-4680044
Qualified in Westchester County
Commission Expires Jan. 31, 2003

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).

A. R. SCHMEIDLER & CO., INC.
FINANCIAL STATEMENTS
AND SUPPLEMENTAL MATERIAL
PER SEC RULE X-17A-5
DECEMBER 31, 2001 AND 2000

(WITH INDEPENDENT AUDITORS' REPORT)

LIPSKY, GOODKIN & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

	<u>Page No.</u>
Facing Page to Form X-17A-5	1
Affirmation of Officer	2
Independent Auditors' Report	3
Financial Statements:	
Statements of Financial Condition	4
Statements of Operations	5
Statements of Retained Earnings	6
Statements of Cash Flows	7
Notes to Financial Statements	8-10
Supplemental Material - December 31, 2001	11
Computation of Net Capital Under SEC Rule 15c3-1	12
Statement Pursuant to SEC Rule 17A-5(D)(4)	13
Information Relating to the Possession or Control Requirements Under SEC Rule 15c3-3	14

LIPSKY, GOODKIN & CO., P. C.
CERTIFIED PUBLIC ACCOUNTANTS
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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
N. Y. STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
A. R. Schmeidler & Co., Inc.

We have audited the accompanying statements of financial condition of A. R. Schmeidler & Co., Inc. as of December 31, 2001 and 2000, and the related statements of operations, retained earnings and cash flows for the years 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 audits.

We conducted our audits 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 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 A. R. Schmeidler & Co., Inc. as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our 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 material listed in the accompanying table of contents is presented for purposes 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 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.

Lipsky, Goodkin & Co., P.C.

February 20, 2002

A. R. SCHMEIDLER & CO., INC.

STATEMENTS OF FINANCIAL CONDITION

	Years Ended December 31,	
	2001	2000
<u>ASSETS</u>		
Cash	\$ 29,857	\$ 11,164
Receivable from brokers	103,736	396,580
Advisory fees receivable	134	3,840
Securities owned at fair value:		
U.S. Treasury notes and bills	-	101,625
Stocks and corporate bonds	8,194,762	8,874,679
Accrued interest and dividends receivable	15,718	12,252
Property and equipment, at cost, net of accumulated depreciation (\$295,068 in 2001 and \$324,583 in 2000)	29,986	40,858
Other assets	42,409	24,108
<u>TOTAL ASSETS</u>	<u>\$8,416,602</u>	<u>\$ 9,465,106</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES

Accounts payable and accrued expenses	\$ 67,507	\$ 162,818
Payable due to broker	653	-
Securities sold, not yet purchased	44,667	15,551
Total liabilities	112,827	178,369

COMMITMENTS (Note 4)

SHAREHOLDERS' EQUITY

Common stock - \$.01 par value - authorized 100,000 shares; issued and outstanding - 20,000 shares	200	200
Additional paid-in capital	7,300	7,300
Retained earnings	8,296,275	9,279,237
Total shareholders' equity	8,303,775	9,286,737

<u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>\$8,416,602</u>	<u>\$ 9,465,106</u>
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See Notes to Financial Statements.

A. R. SCHMEIDLER & CO., INC.

STATEMENTS OF OPERATIONS

	Years Ended December 31,	
	<u>2001</u>	<u>2000</u>
<u>REVENUES</u>		
Investment advisory fees	\$ 3,997,292	\$4,242,674
Commissions	410,632	423,315
Interest and dividends	72,416	68,087
Realized gain (loss) on investments	(68,307)	1,424,946
Unrealized loss on investments	<u>(569,407)</u>	<u>(4,560,490)</u>
Total revenues	<u>3,842,626</u>	<u>1,598,532</u>
<u>EXPENSES</u>		
Employee compensation and benefits	1,721,527	1,795,801
Communications	87,313	91,512
Occupancy costs	292,735	284,479
Other operating expenses	360,716	418,945
Taxes other than income	<u>98,060</u>	<u>94,213</u>
Total expenses	<u>2,560,351</u>	<u>2,684,950</u>
<u>INCOME (LOSS) BEFORE INCOME TAXES</u>	1,282,275	(1,086,418)
New York City and State income taxes	<u>182,000</u>	<u>201,000</u>
<u>NET INCOME (LOSS) FOR YEAR</u>	<u>\$ 1,100,275</u>	<u>\$(1,287,418)</u>

See Notes to Financial Statements.

A. R. SCHMEIDLER & CO., INC.

STATEMENTS OF RETAINED EARNINGS

	<u>Years Ended</u> <u>December 31,</u>	
	<u>2001</u>	<u>2000</u>
<u>ACCUMULATED ADJUSTMENTS ACCOUNT</u>		
Balance, January 1,	\$ 4,418,517	\$ 2,686,682
Income before unrealized loss	1,669,682	3,273,072
Distributions	<u>(2,083,237)</u>	<u>(1,541,237)</u>
Balance, December 31,	<u>4,004,962</u>	<u>4,418,517</u>
 <u>OTHER RETAINED EARNINGS</u>		
Balance, January 1,	4,860,720	9,421,210
Unrealized loss on investments	<u>(569,407)</u>	<u>(4,560,490)</u>
Balance, December 31,	<u>4,291,313</u>	<u>4,860,720</u>
 <u>RETAINED EARNINGS</u>		
	<u>\$ 8,296,275</u>	<u>\$ 9,279,237</u>

See Notes to Financial Statements.

A. R. SCHMEIDLER & CO., INC.

STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	<u>2001</u>	<u>2000</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income (loss)	<u>\$1,100,275</u>	<u>\$ (1,287,418)</u>
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Unrealized loss on securities	569,407	4,560,490
Depreciation	50,357	48,421
Changes in:		
Receivable from brokers	292,844	(359,333)
Advisory fees receivable	3,706	3,616
Securities owned (cost)	211,872	(818,391)
Interest and dividends receivable	(3,466)	(3,942)
Other assets	(18,301)	(8,379)
Payable to brokers	653	(602,482)
Accounts payable and accrued expenses	(95,311)	45,763
Securities sold, not yet purchased	<u>29,379</u>	<u>15,551</u>
Total adjustments	<u>1,041,140</u>	<u>2,881,314</u>
Net cash provided by operating activities	<u>2,141,415</u>	<u>1,593,896</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	<u>(39,485)</u>	<u>(55,442)</u>
Net cash used by investing activities	<u>(39,485)</u>	<u>(55,442)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Distributions to shareholders	<u>(2,083,237)</u>	<u>(1,541,237)</u>
Net cash used by financing activities	<u>(2,083,237)</u>	<u>(1,541,237)</u>
Net increase (decrease) in cash	18,693	(2,783)
Cash - beginning of year	<u>11,164</u>	<u>13,947</u>
<u>CASH - END OF YEAR</u>	<u>\$ 29,857</u>	<u>\$ 11,164</u>

See Notes to Financial Statements.

A. R. SCHMEIDLER & CO., INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001 AND 2000

NOTE 1 - ORGANIZATION

A. R. Schmeidler & Co., Inc. (the "Company") was incorporated in New York State in 1971 and is a broker dealer registered with the securities and exchange commission. Its principal source of income is derived from investment advisory fees.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Company in the preparation of its financial statements.

(a) Securities' Transactions

The Company records all of its transactions on an accrual basis for reporting purposes; security purchases and sales (and related commission revenue and expense) are reported as of the trade date and dividend income on the ex-dividend date.

(b) Security Valuation

Marketable securities are valued at fair value based upon the quoted market price for each security.

(c) Depreciation

Depreciation is provided by both the straight-line and accelerated method over the estimated useful lives of three to seven (3-7) years.

(d) Income Taxes

The Company and its shareholders' have elected to report as an S Corporation for Federal and New York State income tax purposes. Therefore, income taxes reflect primarily income tax due to New York City since the Company's income is passed through to the shareholders for Federal and State purposes. Deferred income taxes are immaterial and have not been provided for.

(e) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of certain assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. They also affect reported amounts of revenues and expenses during the reporting period. Actual results could differ from those amounts.

A. R. SCHMEIDLER & CO., INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001 AND 2000

NOTE 3 - SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

	<u>2001</u>	<u>2000</u>
Cash paid during year for:		
Interest	\$ 15,243	\$ 50,436
Income taxes	\$186,710	\$112,521

NOTE 4 - COMMITMENTS

In March, 2000, the Company extended its current lease from August 1, 2000 through July 31, 2002. The minimum annual rental under the renewal lease is \$256,700 subject to increases in the landlord's operating expenses. Total rent expense was \$283,047 and \$273,811 for the years ended December 31, 2001 and 2000, respectively.

Future minimum rental commitments are payable as follows:

Through July 31, 2002	<u>\$149,742</u>
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The Company is contingently liable under an irrevocable letter of credit in the amount of \$10,621 which has been assigned as security deposit for the Company's leased office space.

NOTE 5 - CUSTOMER MANAGEMENT

The Company does not retain customer's cash and securities. All customer transactions are cleared through another broker-dealer on a fully disclosed basis. However, if customers' checks or securities are received, the Company's personnel immediately deliver these checks and securities to the clearing broker.

NOTE 6 - PROFIT SHARING PLAN

The Company has a profit-sharing plan covering substantially all full-time employees. Contributions of \$45,000 and \$66,000 for the years ended December 31, 2001 and 2000, respectively, were authorized and approved by the Board of Directors.

A. R. SCHMEIDLER & CO., INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001 AND 2000

NOTE 7 - CONCENTRATIONS

The Company is engaged in various investment securities transactions in which counterparties primarily include broker-dealers and banks. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

(a) Investment

Investment in four securities with a fair value of \$4,323,361 represent 52.8% of the securities owned.

NOTE 8 - NET CAPITAL REQUIREMENT

Pursuant to Rule 15c3-1 of the Securities and Exchange Commission, the Company is required to maintain a minimum "net capital" as defined under such rule.

As of December 31, 2001 and 2000, the Company's net capital was computed to be \$6,833,873 and \$7,643,219 exceeding its minimum requirements of \$100,000 by \$6,733,873 and \$7,543,219, respectively.

NOTE 9 - FOCUS REPORT

A copy of the Company's Statement of Financial Condition as of December 31, 2001, pursuant to S.E.C. Rule 17a-5 is available for inspection at the Company's office at 555 Fifth Avenue, New York, New York 10017, and at the regional office of the Securities and Exchange Commission.

A. R. SCHMEIDLER & CO., INC.

SUPPLEMENTAL MATERIAL

DECEMBER 31, 2001

A. R. SCHMEIDLER & CO., INC.

COMPUTATION OF NET CAPITAL AND AGGREGATE INDEBTEDNESS

IN ACCORDANCE WITH RULE 15c3-1 UNDER THE S.E.C. ACT OF 1934

DECEMBER 31, 2001

NET CAPITAL

Common stock	\$ 200
Additional paid-in capital	7,300
Retained earnings	<u>8,296,275</u>
	8,303,775
Less: Non-allowable assets	<u>83,129</u>
Net capital before haircuts on security position	8,220,646

HAIRCUTS ON SECURITIES:

Investment securities	<u>1,386,773</u>
Net capital	<u>\$ 6,833,873</u>

AGGREGATE INDEBTEDNESS:

Accounts payable and accrued expenses	\$ 67,507
Other - outstanding letter of credit	<u>10,621</u>
Total aggregate indebtedness	<u>\$ 78,128</u>

CAPITAL REQUIREMENTS

Minimum dollars net capital required	\$ 100,000
6-2/3% of aggregate indebtedness	<u>\$ 5,209</u>
Greater of capital requirements	\$ 100,000
Excess net capital	<u>6,733,873</u>
Net capital	<u>\$ 6,833,873</u>

See Notes to Financial Statements.

A.R. SCHMEIDLER & CO., INC.
STATEMENT PURSUANT TO SEC
RULE 17A - 5(D)(4)
DECEMBER 31, 2001

The Company's focus report for the period ending December 31, 2001 is in agreement with our report dated February 20, 2002 except for the following differences:

STATEMENT OF INCOME

	<u>Audit differences over (under)</u>
Revenues - Gains on firm securities investment accounts	\$(10,060)
Expenses - Salaries and other compensation for stockholder officer's and other employees compensation and benefits	45,000
Expenses - Other expenses	<u>(34,940)</u>
Net difference	<u>\$ -0-</u>

A.R. SCHMEIDLER & CO., INC.
INFORMATION RELATING TO THE POSSESSION OR
CONTROL REQUIREMENTS UNDER SEC RULE 15C 3-3
DECEMBER 31, 2001

The Company is exempt from rule 15c 3-3 as all customer transactions are cleared through another broker-dealer on a fully disclosed basis.

<u>Clearing Firm SEC No.</u>	<u>Name</u>	<u>Product Code</u>
8-3018	Investec Ernst & Company	All
8-35008	Bear, Stearns & Co., Inc.	All
8-32874	BNY Clearing Services LLC	All