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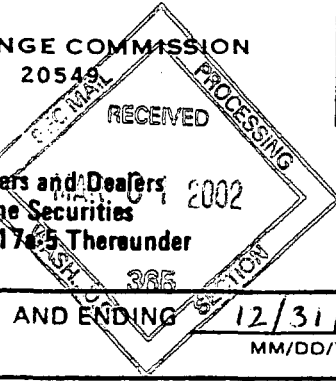
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

BB 3/5

OMB APPROVAL  
OMB # 3235-0123  
Expires May 31, 1987

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

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



SEC FILE NO.  
8-48551

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:

MADISON CAPITAL INTERNATIONAL SECURITIES, LLC

Official Use Only  
FIRM ID. NO.

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

654 MADISON AVENUE SUITE 707

(No. and Street)

NEW YORK

NY

10021

(City)

(State)

(Zip Code)

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

RONALD L. LINCLAY

212 223-6320

(Area Code --- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

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

FLOWERS GREENBERG & BECKER, LLP

1350 BROADWAY STE 2210 NY NY 10018

(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 20 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).

R

OATH OR AFFIRMATION

AS OF December 31, 2001, I, RONALD L. LINCLAN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MADISON CAPITAL INT'L SECURITIES - ESTABLISHED 1982 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:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

R. Linclan  
 Signature  
MANAGING DIRECTOR  
 Title

Elizabeth M. Fisher  
 Notary Public

ELIZABETH M. FISHER  
 NOTARY PUBLIC, STATE OF NEW YORK  
 NO. 01F15052509  
 QUALIFIED IN WESTCHESTER COUNTY  
 COMMISSION EXPIRES NOV 27, 2005

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 CASH FLOWS
- (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).

Independent Auditors' Report

The Members

Madison Capital International Securities, LLC

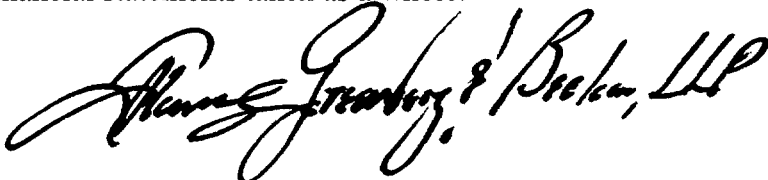
We have audited the accompanying balance sheet of Madison Capital International Securities, LLC (a limited liability company) as of December 31, 2001, and the related statements of operations and member's equity, and cash flows for the year then ended. These financial statements are the responsibility 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 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 Madison Capital International Securities, LLC 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 audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in Schedule I 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 under 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.

February 15, 2002



**Madison Capital International Securities, LLC.**  
(a limited liability company)

Balance Sheet

December 31, 2001

**Assets**

Cash and cash equivalents	\$5,123
Investment in NASD warrants	20,100
Other assets	<u>3,726</u>
Total assets	<u>\$28,949</u>

**Liabilities and member's equity**

Liabilities:

Member's equity	<u>28,949</u>
Total liabilities and member's equity	<u>\$28,949</u>

*See accompanying notes to financial statements.*

**Madison Capital International Securities, LLC.**  
(a limited liability company)

Statement of Operations and Member's Equity

For the year ended December 31, 2001

Revenues	\$66
Expenses	
Regulatory fees and expenses	1,997
Professional Fees	2,041
Other expenses	<u>775</u>
	<u>4,813</u>
Net loss	(\$4,747)
Member's equity at December 31, 2000	13,096
Add member's capital contributions	<u>20,600</u>
Member's equity at December 31, 2001	<u><u>\$28,949</u></u>

*See accompanying notes to financial statements.*

**Madison Capital International Securities, LLC.**

(a limited liability company)

Statement of Cash Flows

For the year ended December 31, 2001

**Operating activities:**

Net loss	<u>(\$4,747)</u>
Net cash used by operating activities	<u>(4,747)</u>

**Investing activities:**

Investment in NASD warrants	(16,800)
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**Financing activities:**

Proceeds from member's capital contribution	<u>20,600</u>
Net cash provided by financing activities	<u>20,600</u>

Net decrease in cash and cash equivalents	(947)
Cash and cash equivalents at December 31, 2000	<u>6,070</u>
Cash and cash equivalents at December 31, 2001	<u><u>\$5,123</u></u>

*See accompanying notes to financial statements.*

# **Madison Capital International Securities, LLC.**

(a limited liability company)

Notes to Financial Statements

December 31, 2001

## **(1) Organization and Business Activity**

Madison Capital International Securities, LLC. (the Company), a New York single-member limited liability company was organized on June 7, 1995 to conduct a securities business exclusively with registered broker-dealers. As of December 31, 2001 the Company had not commenced operations in security transactions.

The Company's member is a registered representative governed by the rules of the National Association of Securities Dealers (NASD). The Company is a member of the Security Investors Protection Corporation (SIPC).

## **(2) Summary of Significant Accounting Policies**

### **Basis of presentation**

The Company maintains its books and prepares its financial statements on the accrual basis of accounting.

### **Other Assets**

Other assets consist principally of organizational costs incurred prior to commencement of operations and are recorded at cost. Amortization will be provided on a straight-line basis over five years once the Company commences operations

### **Cash and cash equivalents**

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

### **Income taxes**

The accompanying financial statements do not include a provision for income taxes because the taxable income or loss of the Company is included in the tax return of the member.

## **(3) Investment in NASD Warrants**

During March 2000, the NASD undertook a restructuring to broaden the ownership in Nasdaq through a private placement of newly issued shares of common stock, and warrants (the "Warrants") to purchase shares of common stock to key stakeholders. In response to Phase I of the private placement solicitation, the Company purchased 300 Warrants at a price of \$11 per Warrant. Subject to the provisions of the Warrant Agreement, each Warrant shall entitle its holder to purchase four shares of NASD common stock. Each

**Madison Capital International Securities, LLC.**  
(a limited liability company)

Notes to Financial Statements  
December 31, 2001

Warrant will be exercisable in four annual tranches, with one share of common stock available for purchase in each tranche. The first tranche will become exercisable at a price per share of \$13 on the second anniversary of the issue date. Each tranche will be exercisable for a one-year period. The second, third and fourth tranches will be exercisable on the second, third and fourth anniversary dates, respectively, at prices per share of \$14, \$15 and \$16, respectively.

During 2001, under Phase II of the private placement offering, the NASD offered, and the Company purchased an additional 1,200 Warrants at a price of \$14 per Warrant. Similar to provisions of Phase I, these additional Warrants are exercisable two years after their initial issuance in four annual tranches at prices per share of \$13, \$14, \$15 AND \$16, respectively.

In the event that the Company fails to exercise any Warrant tranche prior to the expiration of the exercise period, the warrant will be automatically cancelled and the share of common stock subject to such unexercised and expired Warrant tranche will no longer be available for purchase and will continue to be owned by the NASD.

**(4) Net Capital Requirement**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2001, the Company had net capital of \$5,123, which was \$123 in excess of its required net capital, and its ratio of aggregate indebtedness to net capital was 0 to 1.



**Madison Capital International Securities, LLC.**

(a limited liability company)

Computation of Net Capital

For the year ended December 31, 2001

Net Capital

Total member's equity	\$28,949
Deductions and/or charges:	
Nonallowable assets- other assets	<u>23,826</u>
Total net capital	<u><u>\$5,123</u></u>

There is no material difference from the company's computation of net capital as reported in Part II A of Form X-17A-5 as of December 31, 2001