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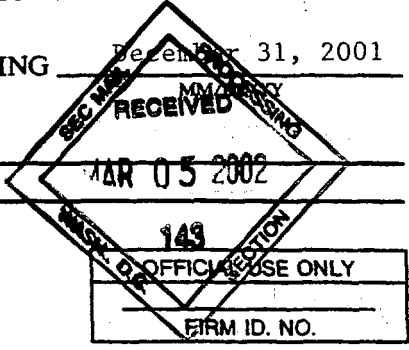
**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 8193

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 January 1, 2001 AND ENDING December 31, 2001
MM/DD/YY



A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

E. E. Powell & Company, Inc.

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

1100 Gulf Tower

(No. and Street)

Pittsburgh

PA

15219

(City)

(State)

(Zip Code)

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

Andrea Vadas Evancho, Treasurer

412-391-4594

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Stokes & Hinds, LLC

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

9401 McKnight Road

Pittsburgh

PA

15237

(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

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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).

BB
3/10

OATH OR AFFIRMATION

I, Andrea Vadas Evancho, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of E. E. Powell & Company, INC., as of

December 31, ~~19~~ 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:

[Handwritten Signature]
Signature

Treasurer
Title

[Handwritten Signature]
Notary Public

Notarial Seal
Benita I. Simon, Notary Public
Pittsburgh, Allegheny County
My Commission Expires Jan. 11, 2005
Member, Pennsylvania Association of Notaries

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).

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Condition	2
Statements of Income	3
Statements of Changes in Stockholders' Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6
SUPPLEMENTARY INFORMATION	
Independent Auditor's Report on Supplementary Information Required by Rule 17a-5 of the Securities and Exchange Commission	10
Schedule for the Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission	11
Independent Auditor's Report on Internal Control Required by SEC Rule 17a-5 For a Broker-Dealer Claiming an Exemption From SEC Rule 15c3-3	13



Stokes & Hinds, LLC

Certified Public Accountants
& Business Advisors

INDEPENDENT AUDITOR'S REPORT

Members:
American and Pennsylvania Institutes
of Certified Public Accountants

Division for CPA Firms:
SEC Practice Section

To the Stockholders
E. E. Powell & Company, Inc.

We have audited the accompanying statements of financial condition of E. E. Powell & Company, Inc. (the "Company") as of December 31, 2001 and 2000, and the related statements of income, changes in stockholders' equity, 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 E. E. Powell & Company, 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 standards generally accepted in the United States of America.

Stokes & Hinds, LLC

January 18, 2002

9401 McKnight Road
Pittsburgh, Pennsylvania
15237-6000

Phone 412-364-0590
Voice Mail 412-364-6070
Fax 412-364-6176

E.E. POWELL & COMPANY, INC.
STATEMENTS OF FINANCIAL CONDITION
December 31, 2001 and 2000

ASSETS	<u>2001</u>	<u>2000</u>
Cash	\$ 58,444	\$ 53,560
Deposits with clearing organizations	50,000	50,000
Net receivable from broker-dealers and clearing organizations	302,967	264,006
Securities owned:		
Marketable, at market value	256,543	307,277
Not readily marketable, at estimated fair value	141,746	98,645
Furniture and equipment, less accumulated depreciation of \$146,887 and \$130,087, respectively	25,973	37,785
Prepaid expenses	1,862	1,836
	<u>\$ 837,535</u>	<u>\$ 813,109</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Accounts payable and accrued expenses	\$ 31,295	\$ 28,685
Securities sold, not yet purchased, at market value	61,879	26,106
	<u>93,174</u>	<u>54,791</u>

Commitments and contingent liabilities

STOCKHOLDERS' EQUITY

Common stock, no par value, 100,000 shares authorized, 75,000 shares issued and outstanding	741,749	741,749
Paid in capital	8,251	8,251
Retained earnings(deficit)	(5,639)	8,318
	<u>744,361</u>	<u>758,318</u>
	<u>\$ 837,535</u>	<u>\$ 813,109</u>

See accompanying notes.

E.E. POWELL & COMPANY, INC.

STATEMENTS OF INCOME

Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
REVENUES		
Commissions	\$ 699,292	\$ 830,308
Net dealer inventory and investment gains	855,787	798,231
Mutual funds - direct sales	131,271	152,009
Interest and dividends	26,688	43,973
Other	15,655	15,794
	<u>1,728,693</u>	<u>1,840,315</u>
EXPENSES		
Employee compensation and benefits	1,251,469	1,234,363
Commissions and clearance fees	146,872	178,801
Communications and data processing	57,041	66,945
Occupancy and equipment rental	134,487	128,275
Interest	4,206	18,604
Taxes, other than income taxes	2,340	2,797
Other operating expenses	146,235	179,456
	<u>1,742,650</u>	<u>1,809,241</u>
INCOME (LOSS) BEFORE INCOME TAXES	(13,957)	31,074
Provision for income taxes(benefit)	-	-
NET INCOME (LOSS)	<u>\$ (13,957)</u>	<u>\$ 31,074</u>

See accompanying notes.

E.E. POWELL & COMPANY, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Years Ended December 31, 2001 and 2000

	Common Stock	Paid-In Capital	Retained Earnings (Deficit)	Total
BALANCE AT JANUARY 1, 2000	\$ 741,749	\$ 8,251	\$ (22,756)	\$ 727,244
Net income	-	-	31,074	31,074
BALANCE AT DECEMBER 31, 2000	741,749	8,251	8,318	758,318
Net loss	-	-	(13,957)	(13,957)
BALANCE AT DECEMBER 31, 2001	<u>\$ 741,749</u>	<u>\$ 8,251</u>	<u>\$ (5,639)</u>	<u>\$ 744,361</u>

See accompanying notes.

E.E. POWELL & COMPANY, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2001 and 2000

	2001	2000
OPERATING ACTIVITIES		
Net income (loss)	\$ (13,957)	\$ 31,074
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation	16,800	13,860
(Increase)decrease in:		
Net receivable from broker-dealers and clearing organizations	(38,961)	(18,731)
Securities owned	7,633	1,587
Prepaid expenses	(26)	1,957
Increase(decrease) in:		
Accounts payable and accrued expenses	2,610	(34,854)
Securities sold, net yet purchased	35,773	25,884
	<u>9,872</u>	<u>20,777</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
INVESTING ACTIVITIES		
Purchase of equipment	(4,988)	(18,425)
	<u>4,884</u>	<u>2,352</u>
NET INCREASE IN CASH		
CASH AT BEGINNING OF YEAR	53,560	51,208
	<u>\$ 58,444</u>	<u>\$ 53,560</u>
CASH AT END OF YEAR		
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Interest paid	\$ 4,206	\$ 18,604
Income taxes paid	\$ -	\$ -

See accompanying notes.

E. E. POWELL & COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2001 and 2000

NOTE A - ORGANIZATION AND NATURE OF BUSINESS

E. E. Powell & Company, Inc. (the "Company") is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of various exchanges and the National Association of Securities Dealers, Inc.

On April 3, 1994, the Company went fully disclosed, thereby becoming an introducing broker. By doing such, the Company can accept customer orders but elects to clear through another broker. In this arrangement, the Company accepts the customers' orders and the clearing brokers clear the trades. Either party may initiate the execution of a trade. The clearing broker processes and settles the customer transactions for the Company and maintains detailed customer records. The Company no longer carries security accounts for customers or performs custodial functions relating to customer securities.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Securities Transactions - Generally accepted accounting principles require that customers' and proprietary securities transactions and the related commission income and expense be recorded on a trade date basis. In keeping with industry practices, the Company records such transactions on a settlement date basis. The difference between the two methods was not significant to the financial statements at December 31, 2001 and 2000.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the statement of financial condition. Interest is earned on the amounts receivable throughout the year and is charged on amounts payable throughout the year.

Marketable securities are valued at market value, and securities not readily marketable are valued at fair value as determined by management. The resulting difference between cost and market (or fair value) is included in income.

Commissions - Commissions and related clearing expenses are recorded on a settlement date basis as securities transactions occur.

Depreciation - Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives. Accelerated methods of depreciation are followed for all assets for financial reporting purposes.

Income Taxes - Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. For 2001 and 2000 there were no material book/tax differences.

E. E. POWELL & COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2001 and 2000

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences - Employees of the Company are entitled to paid vacations, sick days and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and, accordingly, no liability has been recorded in the accompanying statement of financial condition. The Company's policy is to recognize the costs of compensated absences when actually paid.

Statement of Cash Flows - For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than 90 days, that are not held for sale in the ordinary course of business.

Use of Estimates - The preparation of financial statements in conformity with 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.

NOTE C - RECEIVABLE FROM AND PAYABLE TO BROKER-DEALERS AND CLEARING ORGANIZATIONS

	<u>2001</u>		<u>2000</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Receivable</u>	<u>Payable</u>
Receivable from clearing organizations	<u>\$302,967</u>	<u>\$ -</u>	<u>\$ 264,006</u>	<u>\$ -</u>

NOTE D - SECURITIES OWNED AND SOLD, NOT YET PURCHASED

Marketable securities owned and sold, not yet purchased, consist of trading and investment securities recorded at market value, as follows:

	<u>2001</u>		<u>2000</u>	
	<u>Owned</u>	<u>Sold Not Yet Purchased</u>	<u>Owned</u>	<u>Sold Not Yet Purchased</u>
State and municipal obligations	\$ 98,163	\$ -	\$ 29,467	\$ -
Corporate stocks	296,826	61,879	373,155	26,106
Stock warrants	<u>3,300</u>	<u>-</u>	<u>3,300</u>	<u>-</u>
	<u>\$398,289</u>	<u>\$ 61,879</u>	<u>\$405,922</u>	<u>\$ 26,106</u>

E. E. POWELL & COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2001 and 2000

NOTE D - SECURITIES OWNED AND SOLD, NOT YET PURCHASED (CONTINUED)

Securities not readily marketable include investment securities (a) for which there is no market on a securities exchange or no independent publicly quoted market, (b) that cannot be publicly offered or sold unless registration has been effected under the Securities Act of 1933, or (c) that cannot be offered or sold because of other arrangements, restrictions, or conditions applicable to the securities or to the Company.

At December 31, 2001 and 2000, these securities at estimated fair values consist of the following:

	<u>2001</u>	<u>2000</u>
Equities	<u>\$141,746</u>	<u>\$98,645</u>

NOTE E - COMMITMENTS

The Company has obligations under an operating lease with initial noncancellable terms in excess of one year at December 31, 2001. Aggregate future minimum annual rentals for office space are listed below:

2002	<u>\$44,100</u>
------	-----------------

Rent expense attributable to this lease for the year ended December 31, 2001 and 2000, aggregated \$77,578 and \$76,321, respectively.

NOTE F - CONTINGENCY

During 1999, the Company was named as a defendant in a civil suit filed under federal and state securities laws and related common laws. The action attempts to certify a class and alleges certain securities and common law claims against numerous defendants arising out of the sale of stock in a now defunct company. The only involvement of the Company was their acting as a stock broker in the purchase and sale of shares of the company. Plaintiffs are seeking damages in an unspecified amount. The ultimate outcome of this litigation is unknown at this time.

NOTE G - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (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 (and the rule of the "applicable" exchange 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, 2001, the Company had net capital of \$513,653. At December 31, 2001, the Company's net capital was \$263,653 in excess of required net capital of \$250,000. The Company's net capital ratio was .06 to 1 at December 31, 2001.

E. E. POWELL & COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2001 and 2000

NOTE H - CONCENTRATION OF CREDIT RISK

At various times during the year ended December 31, 2001, the Company maintained bank accounts with statement balances in excess of the FDIC insured amount of \$ 100,000 in one Pittsburgh bank.

NOTE I - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In the normal course of business, the Company's customer and correspondent clearance activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

In addition, the Company has sold securities that it does not currently own and will therefore be obligated to purchase such securities at a future date. The Company has recorded these obligations in the financial statements at December 31, 2001 and 2000, at the market value of the related securities and will incur a loss if the market value of the securities increases subsequent to December 31, 2001 and 2000.

NOTE J - PROFIT-SHARING PLAN

The Company has a profit-sharing (defined contribution) retirement plan covering substantially all employees with one year of service. The amount of the contribution to the plan is determined annually by the Board of Directors and may vary from zero to fifteen percent of covered compensation.

It is the Company's policy to expense contributions each year and to fund such cost. The amounts contributed to the profit-sharing plan for the years ended December 31, 2001 and 2000 was \$0.

NOTE K - INCOME TAX EXPENSE (BENEFIT)

The Company has state net operating loss carryforwards at December 31, 2001 of approximately \$73,500 that expire from December 31, 2007 to December 31, 2009. The deferred tax benefit provided by the net operating losses has been fully reserved.

NOTE L - REGULATORY EXEMPTIONS

The Company is a broker-dealer exempt from Securities and Exchange Commission rule 15c3-3 and therefore has not included the schedules entitled "Computation for Determination of Reserve Requirements Under Rule 15c3-3" and "Information for Possession or Control Requirements Under Rule 15c3-3" in the supplementary information of this report. The Company has been designated as an exempt broker-dealer under exemption (k)(2)(ii), "Introducing firms that clear general securities transactions through another broker-dealer on a fully disclosed basis."

SUPPLEMENTARY INFORMATION



Stokes & Hinds, LLC

*Certified Public Accountants
& Business Advisors*

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY
INFORMATION REQUIRED BY RULE 17A-5 OF THE SECURITIES AND
EXCHANGE COMMISSION**

Members:
American and Pennsylvania Institutes
of Certified Public Accountants
Division for CPA Firms:
SEC Practice Section

To the Stockholders
E. E. Powell & Company, Inc.

We have audited the accompanying financial statements of E. E. Powell & Company, Inc. as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated January 18, 2002. 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 Schedule for the Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission 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.

Stokes & Hinds, LLC

January 18, 2002

9401 McKnight Road
Pittsburgh, Pennsylvania
15237-6000
Phone 412-364-0590
Voice Mail 412-364-6070
Fax 412-364-6176

**SCHEDULE FOR THE COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION**

December 31, 2001

NET CAPITAL

Total stockholders' equity	<u>\$ 744,361</u>
Deductions and/or charges:	
Non-allowable assets	
Securities not readily marketable	141,746
Furniture and equipment, net	25,973
Other assets	<u>2,012</u>
Other deductions and/or charges	<u>169,731</u>
Net capital before haircuts on securities positions (Tentative net capital)	<u>574,630</u>
Haircuts on securities (computed, where applicable, pursuant to rule 15c3-1(f))	
Trading and investment securities	
Debt securities	6,871
Other securities	<u>48,698</u>
	<u>55,569</u>
Undue concentrations	<u>5,408</u>
	<u>60,977</u>
Net capital	<u><u>\$ 513,653</u></u>

**SCHEDULE FOR THE COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION**

December 31, 2001

AGGREGATE INDEBTEDNESS

Items included in statement of financial condition:	
Accounts payable and accrued expenses	<u>\$ 31,295</u>
Total aggregate indebtedness	<u><u>\$ 31,295</u></u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required (6-2/3% of aggregate indebtedness)	<u>\$ 2,086</u>
Minimum dollar net capital required	<u>\$ 250,000</u>
Net capital requirement	<u>\$ 250,000</u>
Excess net capital	<u>\$ 263,653</u>
Excess net capital at 1000%	<u>\$ 510,524</u>
Ratio: Aggregate indebtedness to net capital	<u>.06 to 1</u>

RECONCILIATION WITH COMPANY'S COMPUTATION

(Included in Part II of Form X-17A-5 as of December 31, 2001)

Net capital, as reported in Company's Part II (unaudited) Focus Report	<u>\$ 513,653</u>
Net capital page 11	<u>\$ 513,653</u>



Stokes & Hinds, LLC

*Certified Public Accountants
& Business Advisors*

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL REQUIRED
BY SEC RULE 17a-5 FOR A BROKER-DEALER CLAIMING AN EXEMPTION
FROM SEC RULE 15c3-3**

To the Stockholders
E. E. Powell & Company, Inc.

Members:
American and Pennsylvania Institutes
of Certified Public Accountants

Division for CPA Firms:
SEC Practice Section

In planning and performing our audit of the financial statements and the supplemental schedule of E. E. Powell & Company, Inc. (the "Company") for the year ended December 31, 2001, 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 (the "Commission"), 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 Regulations 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 Commission'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 accordance 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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15237-6000

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Because of inherent limitations in any internal control or the practices and procedures referred to above, errors 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 the 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 errors 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 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 Commission 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, to meet the Commission's objectives.

This report is intended solely for the information and use of management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc., 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 is not intended to be and should not be used by anyone other than these specified parties.

Stokes & Hinds, LLC

January 18, 2002

E. E. POWELL & COMPANY, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

December 31, 2001 and 2000