

CJM

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



02003767

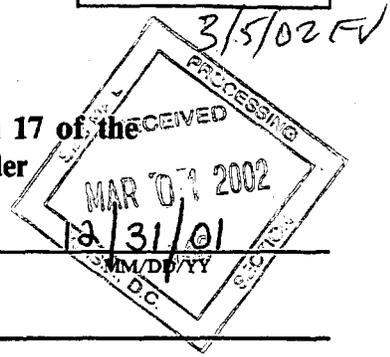
ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

SEC FILE NUMBER
8-16391

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 1/1/01 AND ENDING 12/31/01
MM/DD/YY



A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Peter J. Marcus

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
107 John Street
(No. and Street)
Southport, CT 06490
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Eisman, Zucker, Klein + Rittenberg, LLP
(Name — if individual, state last, first, middle name)
120 Bloomingdale Road, Suite 420, White Plains, NY 10605
(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 18 2002

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).

3/15/02

OATH OR AFFIRMATION

I, Peter J. Marcus, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Peter J. Marcus, 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:

State of Connecticut
County of Fairfield
Subscribed and sworn to before me,
this 28th day of February, 2002.

Peter J. Marcus
Signature
Sole Proprietor
Title

Tina M. Martin
Notary Public
TINA M. MARTIN
NOTARY PUBLIC
My Commission Expires Oct 31, 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.
- (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).



EISMAN, ZUCKER, KLEIN & RUTTENBERG, LLP
CERTIFIED PUBLIC ACCOUNTANTS
120 BLOOMINGDALE ROAD - SUITE 402
WHITE PLAINS, NEW YORK 10605
TEL: 914 428 7733 FAX: 914 428 7903

February 21, 2002

Mr. Peter J. Marcus
107 John Street
Southport, CT 06490

Dear Mr. Marcus:

We have examined the accompanying report of financial condition (cash basis) of Peter J. Marcus, a Proprietorship, at December 31, 2001. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures, as we considered necessary in the circumstances.

Our examination included the following procedures:

1. Verifications were obtained with respect to bank balances and cash accounts were reconciled.
2. A detailed review of the accounting systems, the system of internal accounting control and the procedures and system for safeguarding securities was performed, and no inadequacies were found to exist.
3. Written verification was obtained from you as to the absence of unrecorded assets and liabilities.
4. We have ascertained that the conditions of your exemption from Rule 15c3-3 section (K)(2)(ii) have been complied with during the period of our examination and on the examination date.
5. No procedures deemed necessary by us for the conduct of this examination were omitted.

Mr. Peter J. Marcus
February 21, 2002
Page Two

6. No material differences exist, between the accompanying report as of December 31, 2001, and the most recently filed unaudited quarterly report for the three months ended December 31, 2001.

In our opinion, the accompanying report of financial condition (cash basis) presents fairly the financial condition of Peter J. Marcus, A Proprietorship, at December 31, 2001, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Eisman, Zucker, Klein & Ruttenberg, LLP

Eisman, Zucker, Klein & Ruttenberg, LLP

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER <i>Peter J. Marcus</i>	N2			100
--	-----------	--	--	-----

STATEMENT OF FINANCIAL CONDITION

As of (MM/DD/YY) 12/31/01 99

SEC FILE NO. 8-16391 98

Consolidated 198
 Unconsolidated 199

ASSETS

	<u>Allowable</u>		<u>Nonallowable</u>	<u>Total</u>
1 Cash	\$ 48,249.	200		\$ 48,249. 750
2 Cash segregated in compliance with federal and other regulations		210		760
3 Receivable from brokers or dealers and clearing organizations:				
A. Failed to deliver:				
1. Includable in "Formula for Reserve Requirements"		220		
2. Other		230		770
B. Securities borrowed:				
1. Includable in "Formula for Reserve Requirements"		240		
2. Other		250		780
C. Omnibus accounts:				
1. Includable in "Formula for Reserve Requirements"		260		
2. Other		270		790
D. Clearing organizations:				
1. Includable in "Formula for Reserve Requirements"		280		
2. Other		290		800
E. Other <i>Clearance Account</i>	25,000.	300	550	810
4 Receivables from customers:				
A. Securities accounts:				
1. Cash and fully secured accounts		310		
2. Partly secured accounts		320	560	
3. Unsecured accounts			570	
B. Commodity accounts		330	580	
C. Allowance for doubtful accounts		335	590	820
D. Receivables from non-customers:				
A. Cash and fully secured accounts		340		
B. Partly secured and unsecured accounts		350	600	830
6 Securities purchased under agreements to resell		360	605	840
7 Securities and spot commodities owned, at market value:				
A. Bankers acceptances, certificates of deposit and commercial paper		370		
B. U.S. and Canadian government obligations		380		
C. State and municipal government obligations		390		
D. Corporate obligations		400		

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER

Peter J. Marcus

as of 12/31/01

STATEMENT OF FINANCIAL CONDITION

ASSETS

Allowable

Nonallowable

Total

E. Stocks and warrants	\$	410		
F. Options		420		
G. Arbitrage		422		
H. Other securities		424		
I. Spot commodities		430		\$ 850
8. Securities owned not readily marketable:				
A. At Cost	\$	130		
B. At estimated fair value		440	\$ 610	860
9. Other investments not readily marketable:				
A. At Cost	\$	140		
B. At estimated fair value		450	620	870
10. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:				
A. Exempted securities	\$	150		
B. Other	\$	160	630	880
11. Secured demand notes - market value of collateral:				
A. Exempted securities	\$	170		
B. Other	\$	180	640	890
12. Memberships in exchanges:				
A. Owned, at market value	\$	190		
B. Owned at cost			650	
C. Contributed for use of company, at market value			660	900
13. Investment in and receivables from affiliates, subsidiaries and associated partnerships		480	670	910
14. Property, furniture, equipment, leasehold improvements and rights under lease agreements:				
At cost (net of accumulated depreciation and amortization)		490	4,622	4,622
15. Other Assets:				
A. Dividends and interest receivable		500	690	
B. Free shipments		510	700	
C. Loans and advances		520	710	
D. Miscellaneous		530	3,467	3,467
16. TOTAL ASSETS	\$	73,249	8,089	\$ 81,338

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER

Peter J. Marcus

as of 12/31/01

STATEMENT OF FINANCIAL CONDITION

LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A.I. Liabilities *</u>	<u>Non-A.I. Liabilities *</u>	<u>Total</u>
17. Bank loans payable:			
A. Includable in "Formula for Reserve Requirements"	\$ 1030	\$ 1240	\$ 1460
B. Other	1040	1250	1470
18. Securities sold under repurchase agreements ..		1260	1480
19. Payable to brokers or dealers and clearing organizations:			
A. Failed to receive:			
1. Includable in "Formula for Reserve Requirements"	1050	1270	1490
2. Other	1060	1280	1500
B. Securities loaned:			
1. Includable in "Formula for Reserve Requirements"	1070		1510
2. Other	1080	1290	1520
C. Omnibus accounts:			
1. Includable in "Formula for Reserve Requirements"	1090		1530
2. Other	1095	1300	1540
D. Clearing organizations:			
1. Includable in "Formula for Reserve Requirements"	1100		1550
2. Other	1105	1310	1560
E. Other	1110	1320	1570
20. Payable to customers:			
A. Securities accounts including free credits of	\$ 950		1580
B. Commodities accounts	1120	1330	1590
21. Payable to non customers:			
A. Securities accounts	1140	1340	1600
B. Commodities accounts	1150	1350	1610
22. Securities sold not yet purchased at market value including arbitrage of	\$ 960	1360	1620
23. Accounts payable and accrued liabilities and expenses:			
A. Drafts payable	1160		1630
B. Accounts payable	1170		1640
C. Income taxes payable	1180		1650
D. Deferred income taxes		1370	1660
E. Accrued expenses and other liabilities	1190		1670
F. Other	1200	1380	1680

OMIT PENNIES

* Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

BASIC FILERS ONLY

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER Peter J. Marcus as of 12/31/01

STATEMENT OF FINANCIAL CONDITION

LIABILITIES AND OWNERSHIP EQUITY (continued)

<u>Liabilities</u>	<u>A.I. Liabilities *</u>	<u>Non-A.I. Liabilities *</u>	<u>Total</u>
24 Notes and mortgages payable:			
A. Unsecured	\$ 1210		\$ 1690
B. Secured	1211	\$ 1390	1700
25 Liabilities subordinated to claims of general creditors:			
A. Cash borrowings		1400	1710
1. from outsiders ∇ \$	970		
2. Includes equity subordination (15c3-1 (d)) of	980		
B. Securities borrowings, at market value; from outsiders \$		1410	1720
990			
C. Pursuant to secured demand note collateral agreements,		1420	1730
1. from outsiders \$	1000		
2. Includes equity subordination (15c3-1 (d)) of	1010		
D. Exchange memberships contributed for use of company at market value		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes	1220	1440	1750
26 TOTAL LIABILITIES	\$ 1230	\$ 1450	\$ - 0 - 1760

Ownership Equity

27. Sole proprietorship		\$ 81,338.	1770
28. Partnership- limited partners	\$ 1020		1780
29. Corporation			
A. Preferred stock			1791
B. Common stock			1792
C. Additional paid-in capital			1793
D. Retained earnings			1794
E. Total			1795
F. Less capital stock in treasury			(1796)
30 TOTAL OWNERSHIP EQUITY		\$ 81,338.	1800
31 TOTAL LIABILITIES AND OWNERSHIP EQUITY		\$ 81,338.	1810

OMIT PENNIES

*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

CONFIDENTIAL

THIS SECTION OF THE ANNUAL REPORT
OF PETER J. MARCUS HAS BEEN
SEPARATELY BOUND IN ORDER TO
MAINTAIN ITS CONFIDENTIALITY. IT
IS NOT TO BE MADE AVAILABLE
TO THE PUBLIC.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER

Peter J. Marcus

as of 12/31/01

COMPUTATION OF NET CAPITAL

1. Total ownership equity (from Statement of Financial Condition - Item 1800)	\$	<u>81,338.</u>	<u>3480</u>
2. Deduct Ownership equity not allowable for net capital			<u>3490</u>
3. Total ownership equity qualified for net capital		<u>81,338.</u>	<u>3500</u>
4. Add			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital			<u>3520</u>
B. Other (deductions) or allowable credits (List)			<u>3525</u>
5. Total capital and allowable subordinated liabilities	\$	<u>81,338.</u>	<u>3530</u>
6. Deductions and/or charges:			
A. Total non-allowable assets from			
Statement of Financial Condition (Note B and C)	\$	<u>8,089</u>	<u>3540</u>
1. Additional charges for customers' and non-customers' security accounts			<u>3550</u>
2. Additional charges for customers' and non-customers' commodity accounts			<u>3560</u>
B. Aged fail-to-deliver:			<u>3570</u>
1. Number of items	79	<u>3450</u>	
C. Aged short security differences-less reserve of	\$	<u>3460</u>	<u>3580</u>
number of items		<u>3470</u>	
D. Secured demand note deficiency			<u>3590</u>
E. Commodity futures contracts and spot commodities proprietary capital charges			<u>3600</u>
F. Other deductions and/or charges			<u>3610</u>
G. Deductions for accounts carried under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x)			<u>3615</u>
H. Total deductions and/or charges		<u>8,089.</u>	<u>3620</u>
7. Other additions and/or allowable credits (List)			<u>3630</u>
8. Net Capital before haircuts on securities positions	\$	<u>73,249.</u>	<u>3640</u>
9. Haircuts on securities: (computed, where applicable, pursuant to 15c3-1 (f)):			
A. Contractual securities commitments			<u>3660</u>
B. Subordinated securities borrowings			<u>3670</u>
C. Trading and Investment securities:			
1. Bankers' acceptances, certificates of deposit and commercial paper	31	<u>3680</u>	
2. U.S. and Canadian government obligations		<u>3690</u>	
3. State and municipal government obligations		<u>3700</u>	
4. Corporate obligations		<u>3710</u>	
5. Stocks and warrants		<u>3720</u>	
6. Options		<u>3730</u>	
7. Arbitrage		<u>3732</u>	
8. Other securities	37	<u>3734</u>	
D. Unrue concentration			<u>3650</u>
E. Other (list)			<u>3736</u>
10. Net Capital	\$	<u>73,249.</u>	<u>3750</u>

CONFIDENTIAL

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER Peter J. Marcus as of 12/31/01

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

11. Minimum net capital required (6-2/3% of line 19)	S	- 0 -	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	S	5,000.	3758
13. Net capital requirement (greater of line 11 or 12)	S	5,000.	3760
14. Excess net capital (line 10 less 13)	S	68,249.	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	S	73,249.	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	S	- 0 -	3790
17. Add:			
A. Drafts for immediate credit	S		3800
B. Market value of securities borrowed for which no equivalent value is paid or credited	S		3870
C. Other unrecorded amounts (List)	S		3820
18. Deduct: Adjustment based on deposits in Special Reserve Bank Accounts (line 17)	S		3838
19. Total aggregate indebtedness	S	- 0 -	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ line 13)	%	-	3850
21. Percentage of Aggregate Indebtedness to net capital <u>after</u> anticipated capital withdrawals (line 19 ÷ by line 10 less Item 4880 page 11)	%	-	3853

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	S		3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	S		3880
24. Net capital requirement (greater of line 22 or 23)	S		3760
25. Excess net capital (line 10 less 24)	S		3910
26. Percentage of Net Capital to Aggregate Debits (line 10 ÷ by line 17 page 8)	%		3851
27. Percentage of Net Capital, <u>after</u> anticipated capital withdrawals, to Aggregate Debits (line 10 less Item 4880 page 11 ÷ by line 17 page 8)	%		3854
28. Net capital in excess of: 5% of combined aggregate debit items or \$120,000	S		3920

OTHER RATIOS

29. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%	-	3860
30. Options deductions/Net Capital ratio (1000% test) total deductions exclusive of liquidating equity under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) ÷ Net Capital	%	-	3852

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
 1. Minimum dollar net capital requirement, or
 2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

PART II—FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

BROKER OR DEALER <i>Peter J. Marcus</i>	For the period (MMDDYY) from <u>1/1/01</u> 3932 to <u>12/31/01</u> 3933 Number of months included in this statement <u>12</u> 3931
--	---

REVENUE STATEMENT OF INCOME (LOSS)

1. Commissions:			
a. Commissions on transactions in listed equity securities executed on an exchange		\$	3935
b. Commissions on transactions in exchange listed equity securities executed over-the-counter			3937
c. Commissions on listed option transactions			3938
d. All other securities commissions			3939
e. Total securities commissions			3940
2. Gains or losses on firm securities trading accounts			
a. From market making in over-the-counter equity securities			3941
i. Includes gains or (losses) OTC market making in exchange listed equity securities	3943		
b. From trading in debt securities			3944
c. From market making in options on a national securities exchange			3945
d. From all other trading			3949
e. Total gains or (losses)			3950
3. Gains or losses on firm securities investment accounts			
a. Includes realized gains (losses)	4235		
b. Includes unrealized gains (losses)	4236		
c. Total realized and unrealized gains (losses)			3952
4. Profits or (losses) from underwriting and selling groups			
a. Includes underwriting income from corporate equity securities	4237		
5. Margin interest			3960
6. Revenue from sale of investment company shares			3970
7. Fees for account supervision, investment advisory and administrative services			3975
8. Revenue from research services			3980
9. Commodities revenue			3990
10. Other revenue related to securities business			3985
11. Other revenue <i>incl. Interest</i>			3995
12. Total revenue		\$	4030

CONFIDENTIAL

EXPENSES			
13. Registered representatives' compensation		\$	4110
14. Clerical and administrative employees' expenses			4040
15. Salaries and other employment costs for general partners, and voting stockholder officers			4120
a. Includes interest credited to General and Limited Partners capital accounts	4130		
16. Floor brokerage paid to certain brokers (see definition)			4055
17. Commissions and clearance paid to all other brokers (see definition)			4145
18. Clearance paid to non-brokers (see definition)			4135
19. Communications			4060
20. Occupancy and equipment costs			4080
21. Promotional costs			4150
22. Interest expense			4075
a. Includes interest on accounts subject to subordination agreements	4070		
23. Losses in error account and bad debts			4170
24. Data processing costs (including service bureau service charges)			4186
25. Non-recurring charges			4190
26. Regulatory fees and expenses			4195
27. Other expenses <i>incl. Drawing</i>			4100
28. Total expenses		\$	4200

NET INCOME			
29. Income (loss) before Federal income taxes and items below (Item 12 less Item 28)		\$	4210
30. Provision for Federal income taxes (for parent only)			4220
31. Equity in earnings (losses) of unconsolidated subsidiaries not included above			4222
a. After Federal income taxes of	4238		
32. Extraordinary gains (losses)			4224
a. After Federal income taxes of	4239		
33. Cumulative effect of changes in accounting principles			4225
34. Net income (loss) after Federal income taxes and extraordinary items		\$	4230

MONTHLY INCOME			
35. Income (current month only) before provision for Federal income taxes and extraordinary items		\$	4211

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER Peter J. Marcus as of 12/31/01

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
FOR BROKER-DEALERS UNDER RULE 15c3-3
(See Rule 15c3-3, Exhibit A and Related Notes)**

CREDIT BALANCES

1. Free credit balances and other credit balances in customers' security accounts (see Note A, Exhibit A, Rule 15c3-3)	▼ \$	4340
2. Monies borrowed collateralized by securities carried for the accounts of customers (see Note B)		4350
3. Monies payable against customers' securities loaned (see Note C)		4360
4. Customers' securities failed to receive (see Note D)		4370
5. Credit balances in firm accounts which are attributable to principal sales to customers		4380
6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days		4390
7. **Market value of short security count differences over 30 calendar days old		4400
8. **Market value of short securities and credits (not to be offset by longs or by debits) in all suspense accounts over 30 calendar days	▼	4410
9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days		4420
10. Other (List)		4430
11. TOTAL CREDITS	\$	4430

DEBIT BALANCES

12. **Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection net of deductions pursuant to Note E, Exhibit A, Rule 15c3-3	\$	4440
13. Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver		4450
14. Failed to deliver of customers' securities not older than 30 calendar days		4460
15. Margin required and on deposit with the Options Clearing Corporation for all option contracts written or purchased in customer accounts (See Note F)		4465
16. Other (List)	▼	4469
17. **Aggregate debit items	\$	4470
18. **less 3% (for alternative method only — see Rule 15c3-1 (f) (5) (i))	(4471
19. **TOTAL 15c3-3 DEBITS	\$	4472

RESERVE COMPUTATION

20. Excess of total debits over total credits (line 19 less line 11)	▼ \$	4480
21. Excess of total credits over total debits (line 11 less line 19)		4490
22. If computation permitted on a monthly basis, enter 105% of excess of total credits over total debits		4500
23. Amount held on deposit in "Reserve Bank Account(s)", including value of qualified securities, at end of reporting period		4510
24. Amount of deposit (or withdrawal) including value of qualified securities	\$	4515
25. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including value of qualified securities	\$	4525
26. Date of deposit (MMDDYY)		4530
		4540

OMIT PENNIES

FREQUENCY OF COMPUTATION

27. Daily ▼ 4332 Weekly 4333 Monthly 4334

**In the event the Net Capital Requirement is computed under the alternative method, this "Reserve Formula" shall be prepared in accordance with the requirements of paragraph (f) of Rule 15c3-1.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER

Peter J. Marcus

as of 12/31/01

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
FOR BROKER-DEALERS UNDER RULE 15c3-3 (continued)**

EXEMPTIVE PROVISIONS

28. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

- | | |
|---|------|
| A. (k) (1)—\$2,500 capital category as per Rule 15c3-1 | 4550 |
| B. (k) (2)(A)—"Special Account for the Exclusive Benefit of customers" maintained | 4560 |
| C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm: <u>INVESTEC FINST+COMPANY SEC#8-0308 PRODUCT CODE A</u> 4335 | 4570 |
| D. (k) (3)—Exempted by order of the Commission | 4580 |

Information for Possession or Control Requirements Under Rule 15c3-3

State the market valuation and the number of items of:

1. Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control have been issued as of the report date) but for which the required action was not taken by the respondent within the time frames specified under Rule 15c3-3. Notes A and B
- | | |
|--------------------------|------|
| A. Number of Items | 4586 |
| | 4587 |

2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3. Notes B, C and D
- | | |
|--------------------------|------|
| A. Number of Items | 4588 |
| | 4589 |

OMIT PENNIES

3. The system and procedures utilized in complying with the requirement to maintain physical possession or control of customers' fully paid and excess margin securities have been tested and are functioning in a manner adequate to fulfill the requirements of Rule 15c3-3
- | | | | |
|-----|------|----|------|
| Yes | 4584 | No | 4585 |
|-----|------|----|------|

NOTES

- A—Do not include in item one customers' fully paid and excess margin securities required by Rule 15c3-3 to be in possession or control but for which no action was required by the respondent as of the report date or required action was taken by respondent within the time frames specified under Rule 15c3-3.
- B—State separately in response to items one and two whether the securities reported in response thereto were subsequently reduced to possession or control by the respondent.
- C—Be sure to include in item two only items not arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.
- D—Item two must be responded to only with report which is filed as of the date selected for the broker's or dealer's annual audit of financial statements, whether or not such date is the end of a calendar quarter. The response to item two should be filed within 60 calendar days after such date, rather than with the remainder of this report. This information may be required on a more frequent basis by the Commission or the designated examining authority in accordance with Rule 17a-5(a)(2)(iv).

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER Peter J. Marcus as of 12/31/01

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed withdrawal or Accrual See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (yes or no)
4600	4601	4602	\$ 4603	4604	4605
4610	4611	4612	4613	4614	4615
4620	4621	4622	4623	4624	4625
4630	4631	4632	4633	4634	4635
4640	4641	4642	4643	4644	4645
4650	4651	4652	4653	4654	4655
4660	4661	4662	4663	4664	4665
4670	4671	4672	4673	4674	4675
4680	4681	4682	4683	4684	4685
4690	4691	4692	4693	4694	4695
			TOTAL \$: - 0 -	4699*	

CONFIDENTIAL

OMIT PENNIES

*To agree with the total on Recap (Item No. 4880)

Instructions: Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

WITHDRAWAL CODE:	DESCRIPTION
1.	Equity Capital
2.	Subordinated Liabilities
3.	Accruals
4.	15c3-1(c)(2)(iv) Liabilities

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
Capital Withdrawals
PART II

BROKER OR DEALER Peter J. Marcus For the period (MMDDYY) from 1/1/01 to 12/31/01

RECAP

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, which have not been deducted in the computation of net capital.

1. Equity Capital

A. Partnership Capital:

1. General Partners	\$	4700
2. Limited		4710
3. Undistributed Profits		4720
4. Other (describe below)		4730
5. Sole Proprietorship		4735

B. Corporation Capital:

1. Common Stock		4740
2. Preferred Stock		4750
3. Retained Earnings (Dividends and Other)		4760
4. Other (describe below)		4770

2. Subordinated Liabilities

A. Secured Demand Notes		4780
B. Cash Subordinations		4790
C. Debentures		4800
D. Other (describe below)		4810

3. Other Anticipated Withdrawals

A. Bonuses		4820
B. Voluntary Contributions to Pension or Profit Sharing Plans		4860
C. Other (describe below)		4870

Total

	\$	—	4880
--	----	---	------

4. Description of Other

CONFIDENTIAL

STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period	\$	87,860.	4240
A. Net income (loss)		(194,522)	4250
B. Additions (Includes non-conforming capital of	\$	4262	4260
C. Deductions (Includes non-conforming capital of	\$	4272	4270
2. Balance, end of period (From Item 1800)	\$	81,338.	4290

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period	\$	4300
A. Increases		4310
B. Decreases		4320
4. Balance, end of period (From item 3520)	\$	4330

OMIT PENNIES

PETER J. MARCUS
A PROPRIETORSHIP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES

Net Loss	\$ (194,522)
Depreciation	<u>2,187</u>
Net Cash Used by Operating Activities	(192,335)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Equipment	(5,188)
-----------------------	---------

CASH FLOWS FROM FINANCING ACTIVITIES

Contributions	<u>188,000</u>
Net Decrease in Cash	(9,523)
Cash - Beginning of Year	<u>57,772</u>
Cash - End of Year	<u>\$ 48,249</u>

CONFIDENTIAL



EISMAN, ZUCKER, KLEIN & RUTTENBERG, LLP
CERTIFIED PUBLIC ACCOUNTANTS
120 BLOOMINGDALE ROAD - SUITE 402
WHITE PLAINS, NEW YORK 10605
TEL: 914 428 7733 Fax: 914 428 7903

Mr. Peter J. Marcus
107 John Street
Southport, CT 06490

Dear Mr. Marcus:

No material inadequacies were found to exist between our audit of your books and records as of December 31, 2001, and our last audit of your books and records as of December 31, 2000.

Eisman, Zucker, Klein & Ruttenberg LLP
Eisman, Zucker, Klein & Ruttenberg, LLP

February 21, 2002

CONFIDENTIAL