

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



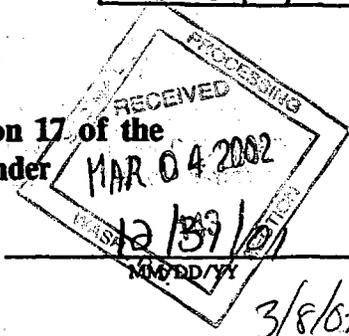
**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER

38937

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: QUAYLE ROBERT ALLEN

Quayle + Co. Securities

OFFICIAL USE ONLY
FIRM ID. NO.

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

1063 W. Hill Road, Suite G

(No. and Street)

Flint

(City)

MI

(State)

48507

(Zip Code)

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

Robert A. Quayle

(810) 238-5000

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Smorch, Leonard D.

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

1403 Amy Street

(Address)

Burton

(City)

MI

(State)

48509

Zip Code

CHECK ONE:

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

PROCESSED

MAR 22 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).

OATH OR AFFIRMATION

I, Robert A. Quayle, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Quayle + Co. Securities, as of December 31, 2001 are true and correct. I further swear (or affirm) that neither the preparer 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:

Robert A. Quayle
Signature
Principal
Title

Linda J. Tunney
Notary Public

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).

Leonard D. Smorch

Certified Public Accountant

1403 Amy Street
Burton, MI 48509
(810) 257-2627 Days
(810) 743-3514 Evenings

INDEPENDENT AUDITOR'S REPORT

To the Owner of Quayle & Co. Securities:

I have audited the statements of financial condition of Quayle & Co. Securities (a Michigan proprietorship) as of December 31, 2001 and 2000, and the related statements of earnings, owner's capital and cash flows for the years then ended. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards required that I 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 by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Quayle & Co. Securities at 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.



Flint, Michigan
February 18, 2002

QUAYLE & CO SECURITIES
BALANCE SHEET, December 31, 2001 and 2000

	Year Ended December 31,	
	2001	2000
ASSETS		
Current assets:		
Cash	\$ 5,651	\$ 2,805
Marketable securities, at fair value	10,998	10,485
Commissions receivable (Note B)	-0-	7,385
Deposits or reserves, broker/ dealer (Note C)	1,218	1,218
Total current assets	17,867	21,893
Property and equipment, net (Note D)	2,526	-0-
	<u>\$20,393</u>	<u>\$21,893</u>

LIABILITIES AND OWNER'S CAPITAL

Current liabilities:		
Accounts payable	\$ 1,024	\$ 1,871
Owner's capital	19,369	20,022
	<u>\$20,393</u>	<u>\$21,893</u>

The accompanying notes are an integral
part of the financial statements

QUAYLE & CO. SECURITIES
STATEMENT OF EARNINGS
for the years ended December 31, 2001 and 2000

	Year Ended December 31,	
	<u>2001</u>	<u>2000</u>
Revenues:		
Security commissions	\$ 2,537	\$ 1,094
Other commissions	123,555	165,227
Gain from sale of marketable securities	886	179
Interest and dividends	<u>185</u>	<u>266</u>
	<u>127,163</u>	<u>166,766</u>
Expenses:		
Agent commissions	102	189
Communications, occupancy and equipment rental	9,296	8,827
Regulatory fees and expenses	2,566	4,450
Other operating expenses	<u>12,958</u>	<u>22,028</u>
	<u>24,922</u>	<u>35,494</u>
Net earnings from operations	<u>\$102,241</u>	<u>\$131,272</u>

The accompanying notes are an integral
part of the financial statements

QUAYLE & CO. SECURITIES
STATEMENT OF OWNER'S CAPITAL
for the year ended December 31, 2001 and 2000

	Year Ended December 31,	
	<u>2001</u>	<u>2000</u>
Balance at beginning of year	\$ 20,022	\$21,458
Net earnings	102,241	131,272
Comprehensive income:		
Unrealized gain (loss) on marketable securities	(1,217)	2,192
Capital withdrawals by owner	<u>(101,677)</u>	<u>(134,900)</u>
Balance at end of year	<u>\$ 19,369</u>	<u>\$20,022</u>

The accompanying notes are an integral
part of the financial statements

QUAYLE & CO. SECURITIES
STATEMENT OF CASH FLOWS
for the years ended December 31, 2001 and 2000

	Year Ended December 31,	
	2001	2000
Cash flows from operating activities:		
Net earnings	\$102,241	\$131,272
Noncash items included in earnings:		
(Gain) loss on sale of marketable securities	<u>(886)</u>	<u>(179)</u>
	101,355	131,093
(Increase) decrease in operating receivable	7,385	2,470
Increase (decrease) in operating payable	<u>(847)</u>	<u>1,219</u>
Cash provided by operating activities	<u>107,893</u>	<u>134,782</u>
Cash flows from (payment of) financing activities:		
Acquisition of capital assets	(2,526)	-0-
Owner's capital withdrawals	(101,677)	(134,900)
Deposit, broker/dealer	<u>-0-</u>	<u>-0-</u>
Cash used for financing activities	<u>(104,203)</u>	<u>(134,900)</u>
Cash flows from investing activity:		
Purchase of marketable securities	(4,180)	-0-
Proceeds from sale of marketable securities	<u>3,336</u>	<u>619</u>
Cash from investing activities	<u>(844)</u>	<u>619</u>
Increase (decrease) in cash	2,846	501
Cash at beginning of year	<u>2,805</u>	<u>2,304</u>
Cash at end of year	<u>\$ 5,651</u>	<u>\$ 2,805</u>

The accompanying notes are an integral
part of the financial statements

NOTES TO FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies:

The company, a proprietorship, is a securities broker-dealer in mutual funds and limited partnerships. The Company as well as its contracted agents are required to be licensed by the National Association of Securities Dealers (NASD). The Securities and Exchange Commission empowered NASD with the authority to license and regulate all broker-dealers and agents.

In addition the Company has entered into a "Carrying Agreement" which allows the licensed owner to sell listed stocks and bonds through Cantella & Co.

No customer transactions flow through the Company records. All customers make their investments payable directly to the respective mutual fund or limited partnership. Listed stock and bond investments are made payable directly to Cantella & Co.

Related commissions are recorded upon Company approval of each transaction, generally by the third business day following the transaction date. Commission income and related expenses for transactions executed, but not yet settled, were not material.

Furniture and equipment was purchased at year end with no depreciation taken in 2001. The straight-line method over eight years will be used.

Income taxes have not been provided in the accompanying financial statements because earnings are not taxable to the Company as such, but are includable in the individual tax return of the owner.

B. Commissions Receivable and Payable:

The commissions receivable from investment companies and payable to agents represent balances resulting from normal cash transactions. Commissions receivable and payable are recorded at the time of the transaction approval. There were only commissions receivable at December 31, 2000. Investments owned by customers are not reflected in the financial statements.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

C. Deposits or Reserves, Broker-Dealer:

The Company has entered into a "Carrying Agreement" with Cantella & Co for security transactions which include listed stocks and bonds. Under the terms of this agreement, no deposit is required. The current "Carrying Agreement" may be terminated by either party, with or without cause by a 30 day written notice. A reserve, a requirement of one mutual fund in case a transaction is later reversed, amounts to \$1,218 for 2001, and \$1,218 for 2000.

D. Property and Equipment:

The major class of property and equipment is as follows:

	<u>2001</u>	<u>2000</u>
Furniture and Equipment	\$5,517	\$3,725
Less: Accumulated Depreciation	<u>2,991</u>	<u>3,725</u>
	<u>\$2,526</u>	<u>\$ -0-</u>

E. Net Capital Requirement:

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c-1), which requires the maintenance of minimum net capital. The Company deals in mutual funds and limited partnerships and is required to maintain a minimum net capital of \$5,000. NASD requires that the net capital not fall below 120 percent of the required minimum or \$6,000. The Company's net capital at December 31, 2001 and 2000 is as follows:

	<u>2001</u>	<u>2000</u>
Owner's Capital	\$19,369	\$20,022
Less:		
Furniture and Equipment	(2,526)	-0-
Haircut on cash, Brokers	(135)	(53)
Haircut on Securities	(1,650)	(1,573)
Reserves, Broker-Dealer	<u>(1,218)</u>	<u>(1,218)</u>
Net Capital	<u>\$13,840</u>	<u>\$17,178</u>

NOTES TO FINANCIAL STATEMENTS, CONTINUED

F. Comprehensive Income:

In 2001, the unrealized loss related to the fair value of the marketable securities on the balance sheet has been shown as comprehensive income, and is included in the Statement of Owner's Capital. The following reflects the activity during 2001 and 2000.

	<u>Unrealized Gains on Securities</u>	
	<u>2001</u>	<u>2000</u>
Beginning balance	\$5,102	\$1,371
Adjustment to prior years		1,539
Current period change	<u>(1,217)</u>	<u>2,192</u>
Ending balance	<u>\$3,885</u>	<u>\$5,102</u>

The adjustment to prior years was due to a presentation error in the prior years of not accumulating the comprehensive income.

Requirements Under Rule 15c3-1 and 15c3-3

1. Computation of Net Capital:

There is an immaterial difference between the computation of net capital disclosed in Note E of the audited financial statements and the net capital requirement as reported by the Proprietorship in Part II of Form X-17A-5 as of December 31, 2001. There was a decrease in capital of \$1,024 due to the recording of accounts payable at December 31, 2001. As previously reported, there was a material difference in the year ended December 31, 2000 of \$5,505 due to the recording of additional accounts receivable at year end.

2. Computation of 15c3-3 Reserve Requirements:

Quayle & Co. Securities does not hold any customer securities. As stated in Note A, no customer transactions flow through the Company records.

3. Material Inadequacies:

The audit conducted in accordance with generally accepted auditing standards did not disclose any material inadequacies although all accounts payable were not properly recorded at year end. In reviewing January, 2002 cash expenses, it appeared that some invoices did not arrive in a timely manner to be included in Form X-17A-5 computation. In the future, the owner will try to get that information on a timely basis.