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

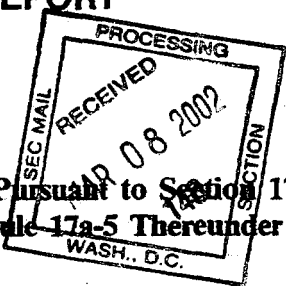


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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

SEC FILE NUMBER  
8- 45251



3/15/02

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 01/01/2001 AND ENDING 12/31/2001  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: POND EQUITIES CORP

OFFICIAL USE ONLY  
FIRM ID. NO.

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

4522 FORT HAMILTON PARKWAY

BROOKLYN

(City)

NEW YORK

(State)

11219

(Zip Code)

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

MIRIAM WERCZBERGER (718) 437-3657

(Area Code — Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

RISCHALL, NEIL DAVID

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

1146 EAST 32ND STREET

(Address)

BROOKLYN

(City)

NEW YORK

(State)

11210

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 22 2002

FOR OFFICIAL USE ONLY  
THOMSON  
FINANCIAL

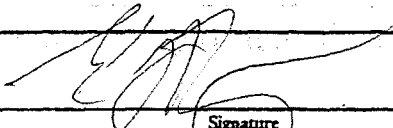
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

3/15/02

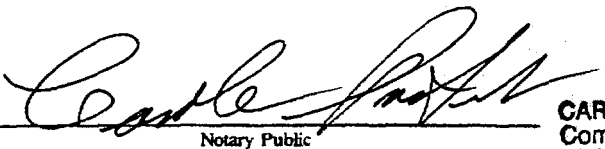
**OATH OR AFFIRMATION**

I, EZRA BIRNBAUM, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of POND EQUITIES, 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:

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



Signature  
**PRESIDENT**  
Title



**CAROLE PASTERNAK**  
Commissioner of Deeds  
City of New York No. 2-11920  
Certificate Filed in Kings County  
Commission Expires Feb. 23, 20 03

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).

**Neil D. Rischall**  
**Certified Public Accountant**  
**1146 East 32<sup>nd</sup> Street**  
**Brooklyn, New York 11210**  
**Phone (718) 692-0510**

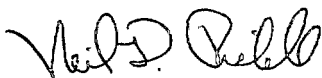
To the Stockholders of  
Pond Equities

I have audited the accompanying statement of financial condition of Pond Equities as of December 31, 2001, and the related statements of income, changes in stockholders' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities and Exchange Act of 1934. 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 audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require 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 made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides 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 Pond Equities as of December 31, 2001 and the results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for the purpose 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 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.



Neil D. Rischall CPA  
Brooklyn, New York  
February 28, 2002

**Neil D. Rischall**  
**Certified Public Accountant**  
**1146 East 32<sup>nd</sup> Street**  
**Brooklyn, New York 11210**  
**Phone (718) 692-0510**

To the Stockholders of  
Pond Equites

I have examined the financial statements of Pond Equities for the year ended December 31, 2001, and have issued my report thereon dated February 28, 2002. As part of my examination, I made a study evaluation of the company's system of internal accounting controls, ( which includes the procedures for safeguarding securities to the extent I considered necessary to evaluate the system), as required under generally accepted auditing standards. The purpose of my study and evaluation, which included obtaining an understanding of the accounting system, was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the financial statements.

Also, as required by rule 17a-5(g)1 of the Securities and Exchange Commission, I have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Pond Equites that I considered relevant to the objectives stated in rule 17a-5(g): (1) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a) (11) and reserve required by Rule 15c3-3(e); (2) in making the quarterly securities examinations, counts, verification, and comparisons, and the recordation of differences required by Rule 17a-3; (3) in complying with the requirements for prompt payment for securities of section 8 of regulation T of the Board of Governors of the Federal Reserve System; and (4) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of the customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining a system of internal control and the practices and procedures referred to in the previous paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess whether those practices and procedures can be expected to achieve the commissions above-mentioned objectives. The objectives of a system and the practices and procedures are to provide management with a reasonable, but not absolute, assurance that assets for which the company has responsibility are safeguarded against loss from unauthorized use or disposition, and the transactions are executed in accordance with management's authorization and recorded properly to permit the 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.

To the Stockholders of  
Pond Equites

Because of the inherent limitations in any internal accounting control procedures or the practices and procedures referred to above, errors or irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of them to any future periods, is subject to the risk that they may become inadequate because changes in conditions or that the degree of compliance with them may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of Pond Equities taken as whole. However, my study and evaluation disclosed no condition that I believed to be a material weakness.

I 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 purpose 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 my study, I 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 use of management and the Securities Exchange Commission and should not be used for any other purpose.



Neil D. Rischall CPA  
Brooklyn, New York  
February 28, 2002

**Pond Equities  
Balance Sheet  
December 31, 2001**

**Assets**

Cash	\$ (76,618)
Due from broker	2,545,019
Securities owned	202,609
Other assets	2,500
	<u>\$ 2,673,510</u>

**Liabilities and Stockholders Equity**

**Liabilities:**

Accounts payable, accrued expenses and other liabilities	\$ 715,633
Securities sold not yet purchased	1,015,659
	<u>1,731,292</u>

**Commitment and contingent liabilities**

Subordinated borrowings	200,000
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**Stockholders Equity**

Common Stock	500
Paid in Capital	46,300
Retained Earnings	695,418
Total Stockholders Equity	<u>742,218</u>

\$ 2,673,510

The accompanying notes are an integral part of these financial statements.

**Pond Equities**  
**Statement of Operations**  
**for the Year Ended December 31, 2001**

**Revenues:**

Commission Income	\$ 2,547,684
Trading Income (Loss)	512,808
Margin, interest, & dividend income	425,743
Other income	138,436
Total Revenues	<u>3,624,671</u>

**Expenses:**

Salaries	2,190,921
Travel and selling	177,571
Clearing and transaction fees	169,237
Dues	148,515
Insurance	145,382
Communications	127,609
Payroll expenses	115,912
Professional services	101,340
Bad debt	99,654
Delivery and auto	66,768
Computer and equipment	58,607
Rent	54,102
Interest expense	46,947
Office	29,019
Utilities	9,436
Taxes	8,958
Employee benefits	5,062
Bank Charges	2,258
Equipment rental	190
Repairs	180
Contributions	54
Total expenses	<u>3,557,722</u>

Net income	<u><u>\$ 66,949</u></u>
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The accompanying notes are an integral part of these financial statements.

**Pond Equities**  
**Statement of Changes in Stockholders Equity**  
**for the Year Ended December 31, 2001**

	<u>Common Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings</u>
Balances at January 1, 2001	\$ 500	\$ 46,300	\$ 663,411
Net income			66,949
(Draws) of income			(34,942)
Balances at December 31, 2001	<u>\$ 500</u>	<u>\$ 46,300</u>	<u>\$ 695,418</u>

The accompanying notes are an integral part of these financial statements.



**Pond Equities**  
**Statement of Changes in Liabilities**  
**Subordinated to Claims of General Creditors**  
**for the Year Ended December 31, 2001**

Subordinated Liabilities as of January 1, 2001	\$ 300,000
(Decrease) in subordinated loans	(100,000)
Subordinated Liabilities as of December 31, 2001	\$ 200,000

	Equity	Other	Total
Subordinated Liabilities Balances at January 1, 2001	0	0	\$ 300,000
Increase			
Decrease			100,000
Subordinated Liabilities Balances at December 31, 2001	\$ 0	\$ 0	\$ 200,000

The accompanying notes are an integral part of these financial statements.

**Pond Equities**  
**Statement of Cash Flows**  
**for the Year ended December 31, 2001**

Cash flows form operations:

Net income	\$	66,949
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Adjustments to reconcile net income to cash:

Changes in Assets:

(Increase) in due from brokers	(1,658,431)	
Decrease in other assets	17,500	
Decrease in securities owned	813,665	
Total change in assets		(827,266)

Changes in Liabilities:

Increase in accrued and other liabilities	143,356	
(Decrease) in subordinated loans	(100,000)	
Increase in securities sold	636,859	
		680,215

Cash flows from financing:

Draws of income		(34,942)
Net increase in cash		(115,044)

Cash at January 1, 2001		38,426
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Cash at December 31, 2001	\$	(76,618)
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The accompanying notes are an integral part of these financial statements.

**Pond Equities**  
**Computations of Net Capital**  
**December 31, 2001**

	Schedule I
Total Shareholders Equity	742,218
add: Subordinated Liabilities	<u>200,000</u>
	942,218
Non-Allowable Items:	
less: Non-Allowable Assets	<u>2,500</u>
Net Capital before haircuts	939,718
Haircuts:	
Stocks	(152,349)
Undue Concentration	(44,341)
Money Market Asset Fund	<u>(28,749)</u>
Net capital	714,279
Calculation on aggregate indebtedness:	
Total liabilities	1,931,292
less: Non-AI items	<u>(1,215,659)</u>
Aggregate indebtedness:	715,633
Computation of basic net capital requirement	
Minimum net capital required (based on aggregate indebtedness)	47,709
Minimum dollar requirement	100,000
Net capital requirement	100,000
Actual net capital	714,279
Excess net capital	614,279
Excess net capital - 1000%	<u><u>642,715</u></u>
Ratio: Aggregate indebtedness to net capital	<u><u>100%</u></u>
Debt/Debt Equity	<u><u>21%</u></u>

The accompanying notes are an integral part of these financial statements.

**Statement regarding SEC Rule 15c3-3**

Pond Equities is an introducing broker or dealer, clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, and who promptly transmits all customer funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of 240.17a-3 and 240.17a-4 of this chapter, as are customarily made and kept by a clearing broker or dealer. As such Pond Equities is exempt from the following:

1. Computation for Determining SEC Rule 15c3-3 Reserve Requirement.
2. Information relating to Possession or control Requirements under SEC Rule 15c3-3.

**Pond Equities**  
**Notes to Financial Statements**

Significant Accounting Policies:

1. Pond Equities has \$ 200,000 subordinated liabilities as of December 31, 2001
  2. The computation of net capital and the computation for the determination of reserve requirements in this report does not differ materially from the unaudited computation independently submitted by Pond Equities.
  3. Pond Equities has elected not to be subject to the provisions of Rule 15c3-3 and has no "Special Reserve Bank Account".
  4. Information for possession or control requirements under rule 15c3-3 : All customer's fully paid for securities were either in possession or control of Pond Equities, or when not, were the result of temporary lags which resulted from normal business operations.
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