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

OMB APPROVAL OMB Number: 3235-0123 Expires: September 30, 1998 Estimated average burden hours per response . . . 12.00

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

MAR 01 2002

SEC FILE NUMBER 8-36163

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: The Delaware Bay Company, Inc.

OFFICIAL USE ONLY FIRM ID. NO.

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

680 Fifth Avenue

(No. and Street)

New York

New York

10019

(City)

(State)

(Zip Code)

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

Stephanie Neiderfer CCO

212-204-8600

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Raich Ende Malter & Co. LLP

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

90 Merrick Avenue

East Meadow

NY

11554

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

APR 04 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).

Handwritten initials

~~CONFIDENTIAL~~

OATH OR AFFIRMATION

I, T.K. DUGGAN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of THE DELAWARE BAY CO., INC, 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:

T.K. Duggan

Signature
CEO

Title

[Signature]

Notary Public

ANDY HUI
Notary Public, State of New York
No. 31-4990413
Qualified in New York County
Certificate filed in Kings County
Commission Expires Dec. 30, 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).

THE DELAWARE BAY COMPANY, INC.

Statement of Financial Condition
December 31, 2001

Assets

Current Assets

Cash and cash equivalents	\$ 531,317
Receivables from brokers	507,536
Receivables from affiliated companies	22,056
Note receivable	59,952
Marketable securities	22,973
Income tax refunds	15,143
Prepaid expenses and other current assets	<u>77,567</u>

1,236,544

Equipment, Fixtures and Improvements

Less: Accumulated depreciation and amortization

1,072,791

215,700

857,091

Other Assets

Artwork

17,802

\$2,111,437

Liabilities and Stockholder's Equity

Current Liabilities

Accrued expenses - operations	\$ 137,011
Accrued expenses - salaries	191,573
Employee benefits payable	11,148
Deferred income taxes	<u>30,743</u>

370,475

Stockholder's Equity

Common stock - no par value - 1,000 shares authorized, issued and outstanding	1,000
Additional paid-in capital	305,200
Retained earnings	<u>1,434,762</u>

1,740,962

\$2,111,437



THE DELAWARE BAY COMPANY, INC.

Statement of Income
For the Year Ended December 31, 2001

Revenues

Commissions	\$6,439,539
Fees from securities placement management	1,200,000
Realized gain on firm trading investments	13,240
Unrealized (loss) on firm trading investments	(2,375)
Interest and dividends	<u>40,653</u>
	<u>7,691,057</u>

Expenses

Salaries and benefits - officer	2,012,253
Salaries and benefits - trading, research and administration	3,412,001
Employee payroll taxes	143,973
Clearing and brokerage charges	90,718
Research and related services	218,846
Regulatory fees and expenses	15,100
Occupancy cost - rent	345,000
Occupancy cost - utilities and taxes	18,972
Office, administrative and other operating	704,194
Insurance	24,305
Professional fees	<u>94,956</u>
	<u>7,080,318</u>

<i>Income Before Depreciation, Amortization and Provision for Income Taxes</i>	610,739
<i>Depreciation and Amortization</i>	<u>177,361</u>
<i>Income Before Provision for Income Taxes</i>	433,378
<i>Provision for Income Taxes</i>	<u>72,012</u>
<i>Net Income</i>	<u>\$ 361,366</u>