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

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:

EAST/WEST SECURITIES CO.

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

120 MONTGOMERY STREET SUITE 993

(No. and Street)

SAN FRANCISCO

CALIFORNIA

94104

(City)

(State)

(Zip Code)

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

LESLIE U. HARRIS

415-397-3400

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

SAMUEL H. WONG & CO., LLP

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

55 STOCKTON STREET, SUITE 408

SAN FRANCISCO, CA. 94108

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

P MAR 28 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).

SEC 1410 (3-91)

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SD
3-26-02

OATH OR AFFIRMATION

I, LESLIE U. HARRIS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of EAST/WEST SEcurities Co., 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:

325-20002

325-20046

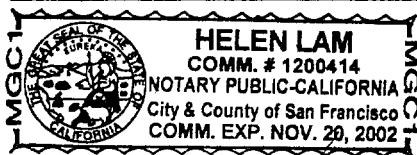
325-94001

325-94000

325-98238

325-98102

325-21186



Leslie Harris
Signature

PARTNER

Title

HELEN LAM

Notary Public

Helen Lam 2/26/02

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).

**East/West Securities Co.
(A Partnership)**

Financial Statements

December 31, 2001 and 2000

East/West Securities Co.
(A Partnership)
Financial Statements
for the years ended December 31, 2001 and 2000

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SAMUEL H. WONG & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

The Partners
East/West Securities Co.

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying balance sheets of East/West Securities Co. (A Partnership) as of December 31, 2001 and 2000, and the related statements of income, changes of partners' capital, and cash flows for the years then ended. 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 audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits 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 positions of East/West Securities Co. (A Partnership) 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 generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supporting schedules are presented for the purposes of additional analysis and are not required parts of the basic financial statements. 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.

Samuel H. Wong & Co., LLP
Samuel H. Wong & Co., LLP
Certified Public Accountants

San Francisco, California
February 5, 2002

East/West Securities Co.
(A Partnership)
Balance Sheets
December 31, 2001 and 2000

| | <u>2001</u> | <u>2000</u> |
|--|---------------------|--------------|
| <u>ASSETS</u> | | |
| <u>Current Assets</u> | | |
| Cash & Cash Equivalents | (Note 2) \$ 225,397 | \$ 496,778 |
| Restricted Cash | (Note 7) 50,000 | 50,000 |
| | | |
| Total Cash | 275,397 | 546,778 |
| Marketable Securities | 83,045 | 292,604 |
| Securities Not Readily Marketable | 18,900 | 15,600 |
| Commission Receivable | 39,306 | 112,981 |
| Mutual Fund Receivable | 349 | - |
| Unsecured Customer Receivable | 349 | 1,781 |
| Prepaid Expenses | 980 | 1,745 |
| Due From Partners | 1,140 | - |
| | | |
| Total Current Assets | \$ 419,466 | \$ 971,489 |
| <u>Property and Equipment</u> | | |
| | (Notes 2 & 3) | |
| At Cost | 182,583 | 182,269 |
| Less: Accumulated Depreciation | (141,529) | (126,803) |
| | | |
| | 41,054 | 55,466 |
| <u>Other Assets</u> | | |
| Rental Deposit | (Note 4) 9,299 | 9,299 |
| | | |
| Total Assets | \$ 469,819 | \$ 1,036,254 |

The accompanying notes are an integral part of the financial statements
See Accountant's Report

East/West Securities Co.
(A Partnership)
Balance Sheets
December 31, 2001 and 2000

| | <u>2001</u> | <u>2000</u> |
|--|-------------|--------------|
| <u>LIABILITIES AND PARTNERS' CAPITAL</u> | | |
| <u>Current Liabilities</u> | | |
| Clearing Charges Payable | - | 1,304 |
| Investment Payable | 45,766 | 175,734 |
| Accrued Liabilities | 43,645 | 48,618 |
| Profit Sharing Contribution (Note 6) | - | 20,097 |
| Automobile Loan-Current (Note 9) | 4,433 | 3,845 |
| Due to Partner | 340 | |
| Total Current Liabilities | \$ 94,184 | \$ 249,598 |
| <u>Long Term Liabilities</u> | | |
| Automobile Loan (Note 9) | 17,650 | 22,311 |
| Total Liabilities | 111,834 | 271,909 |
| <u>Partners' Capital</u> | | |
| Leslie U. Harris | 175,413 | 374,461 |
| Nai Fung Chen | 182,572 | 389,884 |
| Total Partners' Capital | \$ 357,985 | \$ 764,345 |
| Total Liabilities and Partners' Capital | \$ 469,819 | \$ 1,036,254 |

The accompanying notes are an integral part of the financial statements
See Accountant's Report

East/West Securities Co.
(A Partnership)
Notes to Financial Statements
for the years ended December 31, 2001 and 2000

1. The Company

East/West Securities Co. was formed as a Partnership on June 11, 1981 under the laws of the State of California. A written partnership agreement was executed on May 20, 1993, formalizing the existing business relationship.

East/West Securities Co. is a registered broker/dealer servicing individual and institutional investors in the U.S. and abroad.

The organization consists of two partners, with Nai Fung Chen owning a 51% interest and Leslie U. Harris owning a 49% interest. Income or loss is being shared in the same proportion. The Company operates as a broker/dealer registered pursuant to Section 15-b of the Securities Exchange Act of 1934.

2. Summary of Significant Accounting Policies

The Company maintains its general ledger and journals with the accrual method of accounting. Accordingly, the accompanying financial statements have been prepared on the accrual basis of accounting. A summary of significant accounting policies is outlined below: -

(A) Property and Equipment

Property and Equipment are stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized.

Property and equipment are depreciated over their estimated useful lives ranging from 3-7 years by the straight-line method.

(B) Income Taxes

There is no provision for income taxes since a Partnership is not a taxable entity. Individual partners report their distributive shares of partnership income or loss for tax purposes.

(C) Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

East/West Securities Co.
(A Partnership)
Notes to Financial Statements
for the years ended December 31, 2001 and 2000

(D) Security Transactions

Securities transactions are recorded on a settlement date basis, except for proprietary transactions and the related expenses, which are recorded on a trade date basis.

(E) Use of Estimate

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.

(F) Reclassifications

Certain accounts in the prior-year financial statements have been reclassified to conform with comparison of the current-year financial statements.

3. Property and Equipment

Property and Equipment as of December 31, 2001 consisted of the following: -

| Category | <u>At Cost</u> | <u>Accumulated Depreciation</u> | <u>Depreciated Value</u> |
|-----------------------|-------------------|-------------------------------------|------------------------------|
| Furniture & Fixtures | \$25,813 | \$ 24,399 | \$ 1,414 |
| Machinery & Equipment | 63,313 | 53,155 | 10,158 |
| Automobiles | 80,198 | 53,290 | 26,908 |
| Leasehold Improvement | 8,074 | 8,074 | --- |
| Computer Software | 5,185 | 2,611 | 2,574 |
| | <u>\$ 182,583</u> | <u>\$ 141,529</u> | <u>\$ 41,054</u> |

East/West Securities Co.
(A Partnership)
Notes to Financial Statements
for the years ended December 31, 2001 and 2000

Property and Equipment as of December 31, 2000 consisted of the following: -

| Category | <u>At Cost</u> | <u>Accumulated Depreciation</u> | <u>Depreciated Value</u> |
|-----------------------|-------------------|-------------------------------------|------------------------------|
| Furniture & Fixtures | \$ 25,941 | \$ 23,415 | \$ 2,526 |
| Machinery & Equipment | 62,871 | 48,337 | 14,534 |
| Automobiles | 80,198 | 45,415 | 34,783 |
| Leasehold Improvement | 8,074 | 8,074 | --- |
| Computer Software | 5,185 | 1,562 | 3,623 |
| | <u>\$ 182,269</u> | <u>\$ 126,803</u> | <u>\$ 55,466</u> |

4. Lease Commitment

On July 30, 1998, the lease for office space was renewed for the term commencing January 1, 1999 and expiring December 31, 2003. The base rent for the first year (01/01/99 - 12/31/99) was \$99,990, payable in equal monthly installments of \$8,333. The base rent for the second year of the lease (01/01/00 - 12/31/00) was \$103,190, payable in equal monthly installments of \$8,599. The base rent for the third year of the lease (01/01/01 - 12/31/01) was \$105,989, payable in equal monthly installments of \$8,832. The company has adjusted its security deposit of \$4,267 retained from the prior lease with an additional deposit of \$5,032 bringing the total security deposit to \$9,299.

Future minimum operating lease payments for the next two years until termination will be: -

| <u>Year ended December 31</u> | <u>Lease Payment</u> |
|-------------------------------|----------------------|
| 2002 | 106,789 |
| 2003 | 111,589 |

East/West Securities Co.
(A Partnership)
Notes to Financial Statements
for the years ended December 31, 2001 and 2000

5. 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 shall not exceed 15 to 1. At December 31, 2001, the Company had net capital of \$261,150 per computation disclosed in the accompanying Supplementary Information, which was \$211,150 in excess of its required minimum net capital of \$50,000. The Company's net capital ratio was 0.55 to 1. At December 31, 2000, the Company had net capital of \$ 603,151, which was \$553,151 in excess of its required minimum net capital of \$50,000. The Company's net capital ratio then was 0.45 to 1.

6. Profit Sharing Plan

The Company has a non-contributory profit sharing plan covering all eligible employees. The Partners are the trustees of the plan and the fund is mainly invested in money market instruments and mutual funds in accounts with US Clearing Corporation. The plan provides for the employer to contribute an amount based on a percentage of compensation as defined in the plan agreement. For the years ended December 31, 2001 & 2000, contributions to the profit sharing plan are \$0 and \$20,097, respectively.

7. Restricted Cash

The Company agrees to maintain a good faith deposit of \$50,000 at U.S. Clearing Corp.

8. Advertising Expense

Pursuant to the Accounting Policy, the Company expensed the whole of \$100,538 being Advertising Production and Communication Costs incurred during the year.

9. Automobile Loan

On March 25, 2000, the Company purchased a year 2000 Lincoln - LS automobile at a cost of \$38,822, of which \$28,125 was financed by way of a bank loan for a term of six year from May 2000 to April 2006 at 8.55% interest with a monthly payment of \$512 which includes principal and interest.

As of December 31, 2001, the outstanding loan balance was \$22,083 after servicing for 20 monthly payments, of which \$4,433 was short term and \$17,650 was long term liability.