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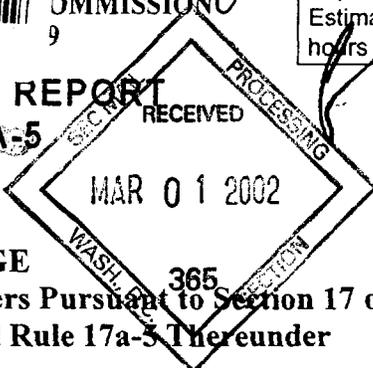
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OMMISSION

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 8-53399

**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 10/23/01 AND ENDING 12/31/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
 Creation Capital LLC

OFFICIAL USE ONLY
 FIRM ID. NO.

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

630 Fifth Avenue, Suite 2602

(No. and Street)

New York

New York

10111

(City)

(State)

(Zip Code)

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

Mr. Gregg R. Honigblum

212-218-3762

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

J.H. Cohn LLP

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

75 Eisenhower Parkway

Roseland

New Jersey

07068-1697

(Address)

(City)

(State)

CHECK ONE:

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

PROCESSED

APR 04 2002

**THOMSON
 FINANCIAL**

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*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, Gregg R. Honigblum, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Creation Capital LLC, 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:

Gregg R. Honigblum
Signature

President Title

Walter A. Kapuscinski
Notary Public

WALTER A. KAPUSCINSKI
Notary Public, State of New York
No. 31-4721819
Qualified in New York County
Expires May 31, 2002

This report** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (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).

CREATION CAPITAL LLC
(A Limited Liability Company)

REPORT ON FINANCIAL STATEMENTS
(With Supplementary Information)

PERIOD FROM MAY 25, 2001
(DATE OF INCEPTION)
TO DECEMBER 31, 2001

CREATION CAPITAL LLC
(A Limited Liability Company)

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REPORT ON INDEPENDENT PUBLIC ACCOUNTANTS

To the Member
Creation Capital LLC

We have audited the accompanying statement of financial condition of CREATION CAPITAL LLC (A Limited Liability Company) as of December 31, 2001, and the related statements of income, changes in member's equity and cash flows for the period from May 25, 2001 (date of inception) to December 31, 2001 that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. 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 audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Creation Capital LLC as of December 31, 2001, and its results of operations and cash flows for the period from May 25, 2001 (date of inception) to December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for purposes 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.

Roseland, New Jersey
February 25, 2002

J. H. Cohn LLP



CREATION CAPITAL LLC
(A Limited Liability Company)

STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2001

ASSETS

Cash and cash equivalents	\$ 43,324
Receivables from customers	125,250
Furniture and equipment, net of accumulated depreciation of \$1,886	27,816
Other assets	<u>47,926</u>
Total	<u>\$244,316</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities:	
Accounts payable and accrued expenses	\$ 14,292
Obligations under capital leases	<u>19,429</u>
Total	33,721
Commitments	
Member's equity	<u>210,595</u>
Total	<u>\$244,316</u>

See Notes to Financial Statements.

CREATION CAPITAL LLC
(A Limited Liability Company)

STATEMENT OF INCOME
PERIOD FROM MAY 25, 2001 (DATE OF INCEPTION)
TO DECEMBER 31, 2001

Revenues:	
Fee income	\$257,500
Dividend income	86
Reimbursed expenses	<u>19,980</u>
Total	<u>277,566</u>
Expenses:	
Salaries and benefits	28,540
Interest expense	1,380
Rent and occupancy expense	39,559
Professional fees	43,015
Depreciation and amortization	1,886
Other operating expenses	<u>45,673</u>
Total	<u>160,053</u>
Net income	<u>\$117,513</u>

See Notes to Financial Statements.

CREATION CAPITAL LLC
(A Limited Liability Company)

STATEMENT OF CHANGES IN MEMBER'S EQUITY
PERIOD FROM MAY 25, 2001 (DATE OF INCEPTION)
TO DECEMBER 31, 2001

Contributions	\$193,082
Distributions	(100,000)
Net income	<u>117,513</u>
Balance, December 31, 2001	<u>\$210,595</u>

See Notes to Financial Statements.

CREATION CAPITAL LLC
(A Limited Liability Company)

STATEMENT OF CASH FLOWS
PERIOD FROM MAY 25, 2001 (DATE OF INCEPTION)
TO DECEMBER 31, 2001

Operating activities:	
Net income	\$117,513
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation and amortization	1,886
Changes in operating assets and liabilities:	
Receivables from customers	(125,250)
Other assets	(47,926)
Accounts payable and accrued expenses	<u>14,292</u>
Net cash used in operating activities	<u>(39,485)</u>
Investing activities - purchases of furniture and equipment	<u>(3,208)</u>
Financing activities:	
Member's contributions	193,082
Member's distributions	(100,000)
Payments of capital lease obligations	<u>(7,065)</u>
Net cash provided by financing activities	<u>86,017</u>
Net increase in cash and cash equivalents	43,324
Cash and cash equivalents, beginning of period	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ 43,324</u>
Supplemental disclosures of cash flow information:	
Interest paid	<u>\$ 1,380</u>
Supplemental disclosure of noncash investing and financing activities:	
Acquisition of furniture and equipment under capital leases	<u>\$ 26,494</u>

See Notes to Financial Statements.

CREATION CAPITAL LLC
(A Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

Note 1 - Business and summary of significant accounting policies:

Business:

Creation Capital LLC, a limited liability company, (the "Company") was incorporated in May 2001 and registered with the National Association of Securities Dealers, Inc. (the "NASD") in October 2001. The Company operates as a broker/dealer registered under the rules and regulations administered by the Securities and Exchange Commission (the "SEC").

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents:

Cash and cash equivalents include all cash balances and highly-liquid investments with a maturity of three months or less when acquired.

Furniture and equipment:

Furniture and equipment are carried at cost. Depreciation is provided using the straight-line method over estimated useful lives of three to 15 years.

Fee income:

Fee income consists of consulting services and private placement fee income. Fee income and expenses are recorded on the accrual basis of accounting.

Income taxes:

The accompanying financial statements do not contain a provision for Federal or state income taxes since the Company's income or loss is included in the Federal and state income tax returns of the member.

Note 2 - Net capital requirement:

The Company is subject to the SEC 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, both as defined, shall not exceed 15 to 1. At December 31, 2001, the Company has net capital of \$134,853, which was \$129,853 in excess of its required net capital of \$5,000. The Company's net capital ratio was .25 to 1.

CREATION CAPITAL LLC
(A Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

Note 3 - Lease commitments:

The Company is leasing the premises in which it conducts its operations under an operating lease agreement that expires in September 2004. Rent expense under the operating lease totaled \$39,559.

All furniture and equipment is under capital leases. The Company's obligations under the capital lease in years subsequent to December 31, 2001 are \$15,501 in 2002 and \$3,928 in 2003.

* * *

CREATION CAPITAL LLC
(A Limited Liability Company)

SCHEDULE I - COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
PERIOD FROM MAY 25, 2001 (DATE OF INCEPTION)
TO DECEMBER 31, 2001

Net capital:		
Total member's equity		\$210,595
Deduct nonallowable assets and charges:		
Furniture and equipment, net	\$27,816	
Other assets	<u>47,926</u>	<u>75,742</u>
Net capital		<u>\$134,853</u>
Aggregate indebtedness - total liabilities		<u>\$ 33,721</u>
Computation of basic net capital requirement:		
Minimum net capital required (greater of 6-2/3% of aggregate indebtedness or \$5,000 minimum dollar net capital requirement)		<u>\$129,853</u>
Excess net capital at 1,000%		<u>\$131,481</u>
Ratio of aggregate indebtedness to net capital		<u>.25 to 1</u>

CREATION CAPITAL LLC
(A Limited Liability Company)

SCHEDULE I - COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION (Concluded)
PERIOD FROM MAY 25, 2001 (DATE OF INCEPTION)
TO DECEMBER 31, 2001

Reconciliation with the Company's computation (included in Part IIA of Form X-17A-5) as of December 31, 2001:		
Net capital as reported in the Company's Part IIA (Unaudited) FOCUS report		\$ 37,022
Increase in net capital resulting from changes in:		
Audit adjustments, net:		
Balance sheet reclassifications	\$(114,973)	
Statement of income changes	<u>212,804</u>	<u>97,831</u>
Net capital per above		<u>\$134,853</u>
Aggregate indebtedness as reported in the Company's Part II A (Unaudited) FOCUS report		\$ 5,000
Increase in aggregate indebtedness resulting from audit adjustments to increase accounts payable and accrued expenses and obligations under capital leases		<u>28,721</u>
Aggregate indebtedness per above		<u>\$ 33,721</u>

See Report of Independent Public Accountants.



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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROL

To the Member
Creation Capital LLC

In planning and performing our audit of the financial statements and supplemental schedule of Creation Capital LLC (A Limited Liability Company) as of December 31, 2001 and for the period from May 25, 2001 (date of inception) to December 31, 2001, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications and comparisons
2. Recordation of differences required by Rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.



Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes 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 our study, we believe that the Company's practices and procedures were adequate at December 31, 2001 to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, Inc. and the other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers and is not intended to be and should not be used by anyone other than these specified parties.

Roseland, New Jersey
February 25, 2002

A handwritten signature in cursive script that reads "J. H. Cohen LLP". The signature is written in dark ink and is positioned to the right of the typed address and date.