

Rec'd
1/8/02



11F1-24-02

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

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

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

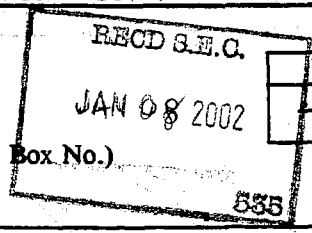
SEC FILE NUMBER
8- 20913

**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 10/01/00 AND ENDING 9/30/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
Rodecker and Company Investment Brokers Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
4000 Towne Center, Suite 101
(No. and Street)
Southfield, MI 48075
(City) (State) (Zip Code)

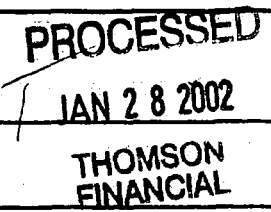


OFFICIAL USE ONLY
FIRM ID. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Arthur D. Rodecker, President (248) 358-2282
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Derderian, Kann, Seyferth & Salucci, P.C.
(Name -- if individual, state last, first, middle name)
3155 West Big Beaver, Suite 260, Troy, MI 48084
(Address) (City) (State) (Zip Code)



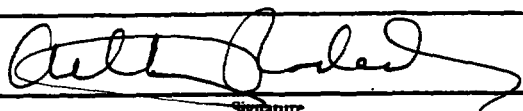
- CHECK ONE:**
- Certified Public Accountant
 - Public Accountant
 - Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*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).

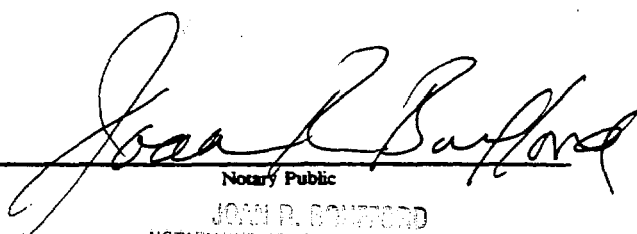
OATH OR AFFIRMATION

I, Arthur D. Rodecker, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Rodecker and Company Investment Brokers, Inc., as of September 30, 192001, 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



Notary Public
JOAN R. BONIFORD
NOTARY PUBLIC - CALVERT COUNTY, MD
MY COMMISSION EXPIRES 07/1/2002

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).



**DERDERIAN
KANN
SEYFERTH &
SALUCCI, P.C.**

*Certified Public Accountants
Management Consultants*

To the Directors and Stockholders
Rodecker and Company
Investment Brokers, Inc.

In planning and performing our audit of the financial statements and supplementary schedules of Rodecker and Company Investment Brokers, Inc. for the year ended September 30, 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 the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (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 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 security accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in making quarterly securities examinations, counts, verifications and comparisons, in the recordation of differences required by Rule 17a-13, or in 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 conformity with generally accepted accounting principles. 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 practice 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 September 30, 2001 to meet the Commission's objectives.

This report recognizes that it is not practicable in an organization the size of Rodecker and Company Investment Brokers, Inc. to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control, and that, alternatively, greater reliance must be placed on surveillance by management.

This report is intended solely for the information and use of the directors and stockholders, management, the Securities and Exchange Commission and other regulatory agencies which rely on Rule 17a-5(g) under the Securities 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 those specified parties.

Deidra, Kara Seyfar Salucci, P.C.

Troy, Michigan

October 29, 2001

RODECKER AND COMPANY INVESTMENT BROKERS, INC.

CONTENTS

| | <u>Page</u> |
|--|-------------|
| Independent auditors' report | 1 |
| Financial statements: | |
| Statement of financial condition | 2 |
| Statement of changes in stockholders' equity | 3 |
| Statement of operations | 4 |
| Statement of cash flows | 5 |
| Notes to financial statements | 6 - 8 |
| Supplementary information: | |
| Independent auditors' report on supplementary information required by Rule 17a-5 of the Securities and Exchange Commission | S-1 |
| Computation of net capital under Rule 15c3-1 of the Securities and Exchange Commission | S-2 |

INDEPENDENT AUDITORS' REPORT

**To the Directors and Stockholders
Rodecker and Company Investment
Brokers, Inc.**

We have audited the accompanying statement of financial condition of Rodecker and Company Investment Brokers, Inc. as of September 30, 2001, and the related statements of changes in stockholders' equity, operations, and cash flows for the year then ended 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 U.S. generally accepted auditing standards. 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 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 Rodecker and Company Investment Brokers, Inc. as of September 30, 2001, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

Derderian, Kann, Seyferth, Salucci, P.C.

October 29, 2001

Troy, Michigan

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

| | |
|---------------------------|---------------|
| Accounts payable | \$ 5,597 |
| Accrued payroll | 17,495 |
| Other accrued expenses | <u>28,095</u> |
| Total current liabilities | <u>51,187</u> |

Stockholders' equity:

| | |
|--|----------------|
| Common stock - \$1 par value | |
| Authorized - 50,000 shares | |
| Issued and outstanding - 27,000 shares | 27,000 |
| Retained earnings | <u>546,052</u> |
| Total stockholders' equity | <u>573,052</u> |

| | |
|---|--------------------------|
| Total liabilities and stockholders' equity | <u>\$ 624,239</u> |
|---|--------------------------|

RODECKER AND COMPANY INVESTMENT BROKERS, INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

for the year ended September 30, 2001

| | <u>Common stock</u> | <u>Retained earnings</u> | <u>Total</u> |
|------------------------------------|-------------------------|------------------------------|-------------------|
| Balance, October 1, 2000 | \$ 27,000 | \$ 559,447 | \$ 586,447 |
| Net loss for the year | <u>-</u> | <u>(13,395)</u> | <u>(13,395)</u> |
| Balance, September 30, 2001 | <u>\$ 27,000</u> | <u>\$ 546,052</u> | <u>\$ 573,052</u> |

See notes to financial statements

RODECKER AND COMPANY INVESTMENT BROKERS, INC.

STATEMENT OF OPERATIONS

for the year ended September 30, 2001

Revenues:

| | |
|---------------------------------------|---------------|
| Commissions | \$ 1,054,234 |
| Miscellaneous | 40 |
| Administrative services | 85,000 |
| Interest income | 61,951 |
| Gain on sale of marketable securities | <u>13,373</u> |

Total revenues

1,214,598

Expenses:

| | |
|-------------------------------|--------------|
| Accounting and legal | 21,967 |
| Auto | 2,170 |
| Communications | 92,322 |
| Consulting fees | 2,687 |
| Depreciation | 622 |
| Donations | 100 |
| Dues and subscriptions | 13,472 |
| Entertainment | 10,646 |
| Error account | (345) |
| Gifts | 1,144 |
| Hospitalization | 21,825 |
| Insurance | 15,893 |
| License and registration fees | 8,608 |
| Michigan single business tax | 9,003 |
| Miscellaneous | 5,361 |
| Office supplies | 9,270 |
| Postage | 5,804 |
| Rent | 85,394 |
| Repairs and maintenance | 5,549 |
| Salaries - office | 658,409 |
| Salaries - officers | 200,344 |
| Taxes - payroll | 51,326 |
| Taxes - general | 869 |
| Travel | <u>5,553</u> |

Total expenses

1,227,993

Net loss

\$(13,395)

See notes to financial statements

RODECKER AND COMPANY INVESTMENT BROKERS, INC.

STATEMENT OF CASH FLOWS

for the year ended September 30, 2001

| | |
|---|-------------------|
| Cash flows from operating activities: | |
| Net loss | \$(13,395) |
| Adjustments to reconcile net loss to net cash used in operating activities: | |
| Depreciation | 622 |
| Gain on sale of marketable securities | (13,373) |
| Changes in assets and liabilities: | |
| Increase in receivables | (84,241) |
| Increase in prepaid expenses | (938) |
| Increase in accounts payable | 899 |
| Decrease in accrued expenses | <u>(10,865)</u> |
| Cash used in operating activities | <u>(121,291)</u> |
| Cash flows from investing activities: | |
| Purchase of marketable securities | (39,375) |
| Proceeds from sale of marketable securities | <u>52,748</u> |
| Cash provided by investing activities | <u>13,373</u> |
| Net decrease in cash | (107,918) |
| Cash and cash equivalents, beginning of year | <u>525,922</u> |
| Cash and cash equivalents, end of year | <u>\$ 418,004</u> |
| Cash paid during the year for, | |
| Taxes | \$ 4,759 |

See notes to financial statements

RODECKER AND COMPANY INVESTMENT BROKERS, INC.

NOTES TO FINANCIAL STATEMENTS

for the year ended September 30, 2001

1. Nature of business:

Rodecker and Company Investment Brokers, Inc. is a broker-dealer registered with the Securities and Exchange Commission and is a member of the National Association of Securities Dealers, Inc. The Company is a Michigan corporation.

2. Summary of significant accounting policies:

The more significant accounting policies applied by the Company are summarized below:

- (a) **Securities transactions:** Securities transactions and the related commission revenues and expenses are recorded on the trade date basis. Commissions for correspondent clearing and executor services are recorded net of the correspondent's share of such commissions.
- (b) **Equipment:** Equipment is recorded at cost. Depreciation is provided using straight line and accelerated methods over the estimated useful lives of 5 to 7 years. When assets are disposed of, the related costs and accumulated depreciation are removed from the respective accounts, and any profit or loss on disposition is recognized currently. Maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred.
- (c) **Income taxes:** Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due.
- (d) **Cash equivalents:** For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments.
- (e) **Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RODECKER AND COMPANY INVESTMENT BROKERS, INC.

NOTES TO FINANCIAL STATEMENTS, continued

for the year ended September 30, 2001

3. Lease commitment:

The Company leases office space under an operating lease that requires monthly rental payments of \$4,157, plus certain operating expenses. The lease expires August 2002. The future minimum lease payments required under the operating lease for the year ended September 30, 2002 is \$45,727.

Rent expense for the year ended September 30, 2001 was \$85,394.

4. Related party transaction:

During the year ended September 30, 2001, the Company provided certain general and administrative services to a company related through common ownership. Administrative fees for these services totalled \$85,000 for the year ended September 30, 2001. Receivables - other of \$85,000 at September 30, 2001, represents amounts due from the related company for these administrative services.

5. Exemption from Rule 15c3-3:

For the year ended September 30, 2001, all customer transactions were cleared through another broker-dealer on a fully disclosed basis, therefore the Company was exempt from the Securities and Exchange Commission Rule 15c3-3.

6. Net capital requirement:

The Company is a member of the National Association of Securities Dealers, Inc., and is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1. This Rule 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 and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At September 30, 2001, the Company's net capital was \$500,534, which was \$450,534 in excess of its minimum requirement of \$50,000. The Company's net capital ratio was .10 to 1.

RODECKER AND COMPANY INVESTMENT BROKERS, INC.

NOTES TO FINANCIAL STATEMENTS, continued

for the year ended September 30, 2001

7. Off balance sheet risk:

Pursuant to the clearance agreement, the Company introduces all of its securities transactions to a clearing broker on a fully disclosed basis. All of the customers' money balances and long and short security positions are carried on the books of the clearing broker. In accordance with the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing broker monitor collateral on these customers' accounts.

8. Subsequent event:

Subsequent to September 30, 2001, the Company redeemed 700 shares of common stock for \$17,000.

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION
REQUIRED BY RULE 17a-5 OF THE SECURITIES AND EXCHANGE
COMMISSION**

**To the Directors and Stockholders
Rodecker and Company Investment
Brokers, Inc.**

We have audited the basic financial statements of Rodecker and Company Investment Brokers, Inc. as of and for the year ended September 30, 2001, and have issued our report thereon dated October 29, 2001. 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 S-2 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 of the Securities and 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.

Derderian, Kann, Seyferth & Salucci, P.C.

October 29, 2001

Troy, Michigan

RODECKER AND COMPANY INVESTMENT BROKERS, INC.

COMPUTATION OF NET CAPITAL
UNDER RULE 15c3-1 OF THE SECURITIES
AND EXCHANGE COMMISSION

as of September 30, 2001

Stockholders' equity:

| | |
|----------------------------------|---------------------|
| Capital stock | \$ 27,000 |
| Retained earnings | <u>559,447</u> |
| | 586,447 |
| Add: revenues 10/1/00 - 9/30/01 | 1,214,598 |
| Less: expenses 10/1/00 - 9/30/01 | <u>(1,227,993)</u> |

**Total stockholders' equity
qualified for net capital**

573,052

Deductions and/or charges:

| | |
|-----------------------------------|--------------|
| Nonallowable assets: | |
| Petty cash | \$ 300 |
| Furniture and equipment - net | 2,934 |
| Vehicle - net | 44,904 |
| Prepaid expenses and other assets | 12,658 |
| Fidelity Bond | <u>4,000</u> |

Total deductions and/or charges

64,796

**Net capital before haircuts
on securities positions**

508,256

Haircuts on securities:

| | |
|--|--------------|
| Standby reserve fund/value at 9/30/01: \$386,127 | |
| Haircut/2% of value at 9/30/01 | <u>7,722</u> |

Net capital

\$ 500,534

Aggregate indebtedness

\$ 51,187

Net capital ratio

.10

Note: There are no material differences between the computation of net capital presented above and the computation of net capital reported in the Company's unaudited Form X-17A-5, Part IIA filing as of September 30, 2001.