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

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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 March 9, 2001 AND ENDING December 31, 2001  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

Dinosaur Securities, L. L. C.

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

38 Milburn Street

(No. and Street)

Bronxville, NY 10708

(City)

(State)

(Zip Code)

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

Glenn Grossman

914-395-3200

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

Schneider & Associates LLP

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

100 Jericho Quadrangle, #236, Jericho, NY 11753

(Address)

(City)

(State)

Zip Code

CHECK ONE:

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

PROCESSED

MAR 21 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).

BB  
3/20

OATH OR AFFIRMATION

I, Tom Grossman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Dinosaur Securities LLC, as of December 31, ~~19~~ 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:

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

Tom Grossman  
Signature  
Vice President  
Title

June T. Banks  
Notary Public  
JUNE T. BANKS  
Notary Public, State of New York  
No. 4707419  
Qualified in Westchester County  
Term Expires November 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~~ 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.
  - (o) Independent auditors' report on internal control structure.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

DINOSAUR SECURITIES, L. L. C.

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES

FOR THE PERIOD FROM  
MARCH 9, 2001 TO DECEMBER 31, 2001

DINOSAUR SECURITIES, L. L. C.  
FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES  
FOR THE PERIOD FROM MARCH 9, 2001 TO DECEMBER 31, 2001

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**SCHNEIDER & ASSOCIATES LLP**

CERTIFIED PUBLIC ACCOUNTANTS  
100 JERICHO QUADRANGLE  
JERICHO, NEW YORK 11753  
TEL: (516) 942-5300 • FAX: (516) 932-6050

JERRY SCHNEIDER, CPA  
DEAN HILTZIK, CPA  
MORDECAI LERER, CPA  
HARRIET GREENBLATT, CPA  
HAROLD HILTZIK, CPA

Members  
American Institute of CPAs  
SEC Practice Section  
New York State Society of CPAs

---  
767 Third Avenue, New York, NY 10017  
TEL: (212) 564-4330

INDEPENDENT AUDITORS' REPORT

Dinosaur Securities, L. L. C.  
Bronxville, New York

We have audited the accompanying statement of financial condition of Dinosaur Securities, L. L. C. as of December 31, 2001, and the related statements of operations, changes in members' equity and cash flows for the period from March 9, 2001 to December 31, 2001. 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 Dinosaur Securities, L. L. C. as of December 31, 2001, and the results of its operations and its cash flows for the period then ended 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 the supporting schedule, Computation of Net Capital, 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 Commission. 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.

*Schneider & Associates LLP*

Jericho, New York  
February 8, 2002

DINOSAUR SECURITIES, L. L. C.  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2001

ASSETS

Cash	\$ 16,606
Clearing firm deposit	255,885
Marketable debt security, at market value	471,568
Furniture - net	<u>1,786</u>
Total assets	<u>\$ 745,845</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities

Due to clearing firm	\$ 436,997
Accounts payable and accrued expenses	33,873
Loan payable - related party	<u>22,863</u>
Total liabilities	493,733
Commitments (see notes)	
Members' equity	<u>252,112</u>
Total liabilities and members' equity	<u>\$ 745,845</u>

See accompanying notes to financial statements.

DINOSAUR SECURITIES, L. L. C.  
STATEMENT OF OPERATIONS  
FOR THE PERIOD FROM MARCH 9, 2001 TO DECEMBER 31, 2001

Revenues

Commission income	\$1,929,833
Interest and other income	6,888
Net inventory losses	<u>(985)</u>
	<u>1,935,736</u>

Expenses

Compensation and benefits	1,854,596
Clearing and execution	30,949
Communications and occupancy	61,913
Other operating expenses	<u>118,131</u>
	<u>2,065,589</u>

Net loss	<u>\$ (129,853)</u>
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See accompanying notes to financial statements.

DINOSAUR SECURITIES, L. L. C.  
STATEMENT OF CHANGES IN MEMBERS' EQUITY  
FOR THE PERIOD FROM MARCH 9, 2001 TO DECEMBER 31, 2001

BALANCES, March 9, 2001	\$ 18,111
Capital contributions	363,854
Net loss for the period	<u>(129,853)</u>
BALANCES, December 31, 2001	<u>\$ 252,112</u>

See accompanying notes to financial statements.

DINOSAUR SECURITIES, L. L. C.  
STATEMENT OF CASH FLOWS  
FOR THE PERIOD FROM MARCH 9, 2001 TO DECEMBER 31, 2001

Increase (decrease) in cash	
Cash flows from operating activities	
Net loss	\$(129,853)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	714
(Increase) decrease in operating assets:	
Clearing firm deposit	(255,885)
Marketable debt security, at market value	(471,568)
Other assets	2,500
Increase in operating liabilities:	
Accounts payable and accrued expenses	32,068
Due to clearing firm	<u>436,997</u>
Total adjustments	<u>(255,174)</u>
Net cash used in operating activities	<u>(385,027)</u>
Cash flows from financing activities	
Capital contributions	363,854
Increase in loan payable - related party	<u>22,863</u>
Net cash provided by financing activities	<u>386,717</u>
Net change in cash	1,690
Cash at March 9, 2001	<u>14,916</u>
Cash at December 31, 2001	<u>\$ 16,606</u>

See accompanying notes to financial statements.

DINOSAUR SECURITIES, L. L. C.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 1 - DESCRIPTION OF BUSINESS

Dinosaur Securities, L. L. C. (the "Company") is a Delaware limited liability company located in Bronxville, New York. The Company became a member of NASD Regulation, Inc. ("NASDR") on March 9, 2001, and commenced operations on that date as a securities broker-dealer. Operations consist primarily of the execution of securities trades for customers on an agency and riskless principal basis. The Company clears all customer transactions on a fully disclosed basis through an independent clearing firm, and does not hold customer funds or safekeep customer securities.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The Company records securities transactions and related revenue and expenses on a trade-date basis.

Depreciation of fixed assets is provided on a straight-line basis over the estimated useful life of the respective assets.

For purposes of the Statement of Cash Flows, the Company considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

As an LLC, the Company is not subject to federal or state income tax, and thus no federal or state income tax expense has been recorded in the accompanying financial statements. The members of the Company report their proportionate share of membership taxable income or loss in their respective income tax returns.

NOTE 3 - CLEARING FIRM DEPOSIT

The Company's deposit with its clearing firm consisted of a U. S. Treasury bill, principal amount \$256,000 maturing in January 2002.

DINOSAUR SECURITIES, L. L. C.  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 4 - MARKETABLE DEBT SECURITY, AT MARKET VALUE

At December 31, 2001, the Company owned a foreign bond valued at \$461,568, which collateralized debit balances due to the Company's clearing firm in the amount of \$436,997.

NOTE 5 - FURNITURE

		<u>Estimated Useful Life</u>
Furniture	\$2,500	7 years
Less: Accumulated depreciation	<u>(714)</u>	
	<u>\$1,786</u>	

Depreciation expense was \$714 for the period from March 9, 2001 to December 31, 2001.

NOTE 6 - LEASE COMMITMENTS

The Company leases equipment under an operating lease expiring in April 2003.

Future minimum lease payments as of December 31, 2001 were:

2002		\$30,840
2003		<u>7,710</u>
Total minimum lease payments		<u>\$38,550</u>

Operating lease expense for the period totaled \$39,357.

NOTE 7 - MEMBERS' EQUITY

The Company has three classes of membership:

Class M interests are entitled to elect a majority of the Company's board of directors. Virtually all capital contributions to date have been made by Class M members.

DINOSAUR SECURITIES, L. L. C.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 7 - MEMBERS' EQUITY - continued

Class C interests differ from Class M interests principally with respect to voting rights. As of December 31, 2001, the Company has issued Class C units representing only a nominal interest in members' equity.

Class E units have been reserved for the issuance of employee options. The number of issuable Class E units cannot presently exceed 10% of the aggregate ownership interest in the Company. Class E members do not have voting rights. As of December 31, 2001, the Company has not issued any options to purchase Class E units.

All classes share in the allocation of Company profits and losses, and distributions to the same extent.

NOTE 8 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Company executes, as agent, securities transactions on behalf of its customers. If either the customer or a counter-party fails to perform, the Company may be required to discharge the obligations of the nonperforming party. In such circumstances, the Company may sustain a loss if the market value of the security is different from the contract value of the transaction.

NOTE 9 - RELATED PARTY TRANSACTIONS

At December 31, 2001, the Company owed \$22,863 to an entity owned by the Company's managing member. The loan is non-interest bearing and due on demand. During the period ended December 31, 2001, the Company incurred administrative fees totaling \$29,500 to this entity.

NOTE 10 - 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 the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 8 to 1. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2001, the Company had net capital and net capital requirements of \$111,331 and \$7,092, respectively. The Company's ratio of aggregate indebtedness to net capital was .51 to 1.

SUPPLEMENTARY SCHEDULES

DINOSAUR SECURITIES, L. L. C.  
INFORMATION RELATING TO THE POSSESSION  
OR CONTROL REQUIREMENTS UNDER RULE 15c3-3  
DECEMBER 31, 2001

The Company claims exemption from the requirements of Rule 15c3-3, under section (k) (2) (ii) because as an introducing broker-dealer it clears all transactions with and for customers on a fully disclosed basis with its clearing broker-dealer, and promptly transmits all customer funds and securities to the clearing broker-dealer which carries all of the accounts of such customers and maintains and preserves such books and records thereto.

DINOSAUR SECURITIES, L. L. C.  
 COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1  
DECEMBER 31, 2001

Computation of Net Capital

Members' equity		\$252,112
Nonallowable assets:		
Furniture - net		<u>1,786</u>
Net capital before haircuts on securities		250,326
Haircuts on securities:		
Exempt security	\$ 1,280	
Debt security	70,735	
Undue concentration	<u>66,980</u>	<u>138,995</u>
Net capital		111,331
Minimum capital requirement - the greater of \$5,000 or 12.5% of aggregate indebtedness of \$56,736		<u>7,092</u>
Excess net capital		<u>\$104,239</u>
Ratio of aggregate indebtedness to net capital		.51 to 1
Schedule of aggregate indebtedness:		
Accounts payable and accrued expenses		\$ 33,873
Loan payable - related party		<u>22,863</u>
Total aggregate indebtedness		<u>\$ 56,736</u>
Reconciliation with the Company's unaudited net capital computation:		
Net capital, as reported in the Company's FOCUS Part IIA as of December 31, 2001		\$118,598
Audit adjustments		<u>(7,267)</u>
Net capital per above		<u>\$111,331</u>

**SCHNEIDER & ASSOCIATES LLP**

CERTIFIED PUBLIC ACCOUNTANTS

100 JERICHO QUADRANGLE

JERICHO, NEW YORK 11753

TEL: (516) 942-5300 • FAX: (516) 932-6050

JERRY SCHNEIDER, CPA  
DEAN HILTZIK, CPA  
MORDECAI LERER, CPA  
HARRIET GREENBLATT, CPA  
HAROLD HILTZIK, CPA

Members  
American Institute of CPAs  
SEC Practice Section  
New York State Society of CPAs

767 Third Avenue, New York, NY 10017  
TEL: (212) 564-4330

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE

Dinosaur Securities, L. L. C.  
Bronxville, New York

In planning and performing our audits of the financial statements of Dinosaur Securities, L. L. C. for the period from March 9, 2001 to December 31, 2001, we considered its internal control structure, including procedures 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 structure.

We also made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 internal control structure, policies and procedures 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 Commission's above-mentioned objectives. Two of the objectives of an internal control structure 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 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 the inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities 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 the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 the internal control structure, including procedures 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 Commission 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 Commission's objectives.

This report is intended solely for use of management, the Securities and Exchange Commission, the New York Stock Exchange and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

*Schlafers UP*

Jericho, New York  
February 8, 2002