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

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

SEC FILE NUMBER 8-51060

FACING PAGE

FEB 27 2002

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:

TIG Capital Securities Co.

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

2100 West Loop South, Suite 200

(No. and Street)

Houston

(City)

Texas

(State)

77027

(Zip Code)

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

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Cheshier & Fuller, L.L.P.

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

14175 Proton Rd.

(Address)

Dallas

(City)

TX

(State)

75244

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 18 2002

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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).

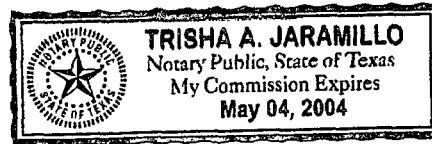
Handwritten initials and date: 3/18/02 SS

OATH OR AFFIRMATION

I, Pak C. Fung, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TIG Capital 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:

Pak C. Fung
Signature
President
Title

Trisha A. Jaramillo
Notary Public



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.
- (o) Independent auditor's report on internal control

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

TIG CAPITAL SECURITIES CO.
REPORT PURSUANT TO RULE 17a-5(d)
YEAR ENDED DECEMBER 31, 2001

TIG CAPITAL SECURITIES CO.

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Cheshier & Fuller, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SEC & PRIVATE COMPANIES PRACTICE
SECTION OF AICPA
DIVISION OF FIRMS
TEXAS SOCIETY OF CERTIFIED
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INDEPENDENT AUDITOR'S REPORT

To the Stockholder
TIG Capital Securities Co.

We have audited the accompanying statement of financial condition of TIG Capital Securities Co. as of December 31, 2001 and the related statements of income, changes in stockholder's equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year 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 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 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 TIG Capital Securities Co. as of December 31, 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.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 8 to the financial statements, the Company has incurred substantial recurring losses, which raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 8. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Schedules I and II 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.

CHESHIER & FULLER, L.L.P.

Dallas, Texas
January 17, 2002

TIG CAPITAL SECURITIES CO.
Statement of Financial Condition
December 31, 2001

ASSETS

Cash	\$ 106,871
Receivable from brokers-dealers and clearing organizations	128,315
Advances to employees	32,967
Other assets	<u>1,668</u>
	<u>\$ 269,821</u>

The accompanying notes are an integral part of these financial statements.

TIG CAPITAL SECURITIES CO.
Statement of Financial Condition
December 31, 2001

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities

Accounts payable and accrued expenses	\$ 20,745
Commissions payable	14,295
Payable to brokers-dealers and clearing organizations	<u>17,239</u>
	<u>52,279</u>

Stockholder's equity

Common stock, 100,000 shares authorized with \$.01 par value, 100,000 shares issued and outstanding	1,000
Additional paid-in capital	3,133,164
Retained earnings (deficit)	<u>(2,916,622)</u>
Total stockholder's equity	<u>217,542</u>
	<u>\$ 269,821</u>

The accompanying notes are an integral part of these financial statements.

TIG CAPITAL SECURITIES CO.
Statement of Income
For the Year Ended December 31, 2001

Revenues

Commissions income	\$ 387,025
Interest income	9,618
Other income	<u>12,256</u>
	<u>408,899</u>

Expenses

Commissions and clearance paid to other brokers	227,587
Employee compensation and benefits	542,478
Communications	203,272
Losses in error accounts and bad debts	16,602
Occupancy and equipment costs	264,307
Promotional costs	49,417
Regulatory fees and expenses	41,678
Other expenses	<u>161,294</u>
	<u>1,506,635</u>

Loss before income taxes	(1,097,736)
Provision for income taxes	<u>-0-</u>
Net loss	<u><u>\$(1,097,736)</u></u>

The accompanying notes are an integral part of these financial statements.

TIG CAPITAL SECURITIES CO.
Statement of Changes in Stockholder's Equity
For the Year Ended December 31, 2001

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>Total</u>
Balances at January 1, 2001	\$ 1,000	\$ 2,092,723	\$ (1,818,886)	\$ 274,837
Contributions of capital		1,040,441		1,040,441
Net loss	_____	_____	<u>(1,097,736)</u>	<u>(1,097,736)</u>
Balances at December 31, 2001	<u>\$ 1,000</u>	<u>\$ 3,133,164</u>	<u>\$(2,916,622)</u>	<u>\$ 217,542</u>

The accompanying notes are an integral part of these financial statements.

TIG CAPITAL SECURITIES CO.
Statement of Changes in Liabilities Subordinated
to Claims of General Creditors
For the Year Ended December 31, 2001

Balance, at January 1, 2001	\$ -0-
Increases	-0-
Decreases	<u>-0-</u>
Balance, at December 31, 2001	<u>\$ -0-</u>

TIG CAPITAL SECURITIES CO.
Statement of Cash Flows
For the Year Ended December 31, 2001

Cash flows from operating activities	
Net loss	\$ (1,097,736)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
Decrease in receivable from broker-dealers and clearing organizations	17,920
Increase in advances to employees	(10,467)
Decrease in other assets	162
Increase in accounts payable and accrued expenses	7,146
Increase in commissions payable	14,295
Decrease in payable to broker-dealers and clearing organizations	<u>(1,459)</u>
Net cash provided (used) by operating activities	<u>(1,070,139)</u>
Cash flows from investing activities	
Net cash provided (used) by investing activities	<u>-0-</u>
Cash flows from financing activities	
Contributions of capital	<u>1,040,441</u>
Net cash provided (used) by financing activities	<u>1,040,441</u>
Net increase (decrease) in cash	(29,698)
Cash at beginning of period	<u>136,569</u>
Cash at end of period	<u>\$ 106,871</u>

Supplemental schedule of cash flow information

Cash paid during the period for:

Interest	<u>\$ -0-</u>
Income taxes	<u>\$ -0-</u>

The accompanying notes are an integral part of these financial statements.

TIG CAPITAL SECURITIES CO.
Notes to Financial Statements
December 31, 2001

Note 1 - Summary of Significant Accounting Policies

TIG Capital Securities Co. (Company) is a broker-dealer in securities registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD). The Company operates under (SEC) Rule 15c3-3(k)(2)(ii), which provides that all funds and securities belonging to the Company's customers would be handled by a clearing broker-dealer. The Company is a Texas corporation and is a wholly-owned subsidiary of TIG Capital Corporation ("Parent"). Substantially all of the Company's business is conducted with customers located throughout the United States.

Purchases and sales of securities are recorded on a trade date basis. Commission revenue and expense are recorded on a trade date basis.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due. The provision for federal income taxes may differ from the expected amount using statutory rates because certain expenses included in the determination of net income are non-deductible for tax reporting purposes.

Advertising costs are expensed as incurred. Advertising costs incurred for the year ended December 31, 2001 were \$16,318 and are reflected in promotional costs.

Compensated absences have not been accrued because the amount cannot be reasonably estimated.

The preparation of financial statements in conformity with U. S. 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. Actual results could differ from those estimates.

Note 2 - Net Capital Requirements

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2001, the Company had net capital of approximately \$182,088 and net capital requirements of \$100,000. The Company's ratio of aggregate indebtedness to net capital was .29 to 1. The Securities and Exchange Commission permits a ratio of no greater than 15 to 1.

TIG CAPITAL SECURITIES CO.
Notes to Financial Statements
December 31, 2001

Note 3 - Possession or Control Requirements

The Company does not have any possession or control of customer funds or securities. There were no material inadequacies in the procedures followed in adhering to the exemptive provisions of (S.E.C.) Rule 15c3-3(k)(2)(ii) by promptly transmitting all customer funds and securities to the clearing broker who carries the customer accounts.

Note 4 - Income Taxes

The Company has a net operating loss carryforward of approximately \$2,918,679 available to offset future taxable income and expires as follows:

<u>Year Ended</u> <u>December 31,</u>	
2014	\$ 911,898
2015	911,780
2016	<u>1,095,001</u>
	<u>\$2,918,679</u>

Deferred income tax assets are approximately \$992,000 and are fully offset by a valuation allowance of \$992,000.

Note 5 - Lease Commitments

The Company has entered into a long-term lease commitment for office space. The aggregate future minimum rentals under this operating lease agreement is summarized as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Total</u>
2002	\$ 185,674
2003	<u>170,201</u>
	<u>\$ 355,875</u>

Rental expense for the year ended December 31, 2001 was \$222,306 and is reflected in occupancy and equipment costs.

TIG CAPITAL SECURITIES CO.
Notes to Financial Statements
December 31, 2001

Note 6 - Concentration Risk

At December 31, 2001, and at various other times during the period, the Company had cash balances in excess of federally insured limits of \$100,000.

Note 7 - Commitments and Contingencies

Included in the Company's clearing agreement with its clearing broker-dealer, is an indemnification clause. This clause relates to instances where the Company's customers fail to settle security transactions. In the event this occurs, the Company will indemnify the clearing broker-dealer to the extent of the net loss on the unsettled trade. At December 31, 2001, management of the Company had not been notified by the clearing broker-dealer, nor were they otherwise aware, of any potential losses relating to this indemnification.

Note 8 - Going Concern

These financial statements are presented on the basis that the Company is a going concern. Going concern contemplates the realization of assets and the satisfaction of liabilities in the normal course of business over a reasonable period of time. Continued operating losses could directly impact the Company's regulatory capital which requires a minimum net capital of \$100,000. It is management's intention to control costs and increase revenue. It is management's understanding it will continue to receive capital infusions as necessary.

Supplementary Information
Pursuant to Rule 17a-5 of the
Securities Exchange Act of 1934
As of December 31, 2001

Schedule I

TIG CAPITAL SECURITIES CO.
Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission
As of December 31, 2001

COMPUTATION OF NET CAPITAL

Total stockholder's equity qualified for net capital		\$ 217,542
Add:		
Liabilities subordinated to claims of general creditors		<u>-0-</u>
Total capital and allowable subordinated liabilities		217,542
Deductions and/or charges		
Non-allowable assets:		
Receivable from brokers-dealers and clearing organizations	\$ 819	
Advances to employees	32,967	
Other assets	<u>1,668</u>	<u>(35,454)</u>
Net capital before haircuts on securities positions		182,088
Haircuts on securities (computed, where applicable, pursuant to rule 15c3-1(f))		<u>-0-</u>
Net capital		<u>\$ 182,088</u>

AGGREGATE INDEBTEDNESS

Items included in the statement of financial condition		
Accounts payable and accrued expenses		\$ 20,745
Commissions payable		14,295
Payable to brokers-dealers and clearing organizations		<u>17,239</u>
Total aggregate indebtedness		<u>\$ 52,279</u>

Schedule I (continued)

TIG CAPITAL SECURITIES CO.
Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission
As of December 31, 2001

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required (6 2/3% of total aggregate indebtedness)	<u>\$ 3,487</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 100,000</u>
Net capital requirement (greater of above two minimum requirement amounts)	<u>\$ 100,000</u>
Net capital in excess of required minimum	<u>\$ 82,088</u>
Excess net capital at 1000%	<u>\$ 176,860</u>
Ratio: Aggregate indebtedness to net capital	<u>.29 to 1</u>

RECONCILIATION WITH COMPANY'S COMPUTATION

There were no material differences in the computation of net capital under Rule 15c3-1 from the Company's computation.

Schedule II

TIG CAPITAL SECURITIES CO.
Computation for Determination of Reserve Requirements Under
Rule 15c3-3 of the Securities and Exchange Commission
As of December 31, 2001

EXEMPTIVE PROVISIONS

The Company has claimed an exemption from Rule 15c3-3 under section (k)(2)(ii), in which all customer transactions are cleared through another broker-dealer on a fully disclosed basis.

Company's clearing firms: Dain Rauscher Incorporated

Independent Auditor's Report

On Internal Control

Required By SEC Rule 17a-5

For the Year Ended
December 31, 2001



Cheshier & Fuller, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SEC & PRIVATE COMPANIES PRACTICE
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL REQUIRED BY SEC RULE 17a-5

Board of Directors
TIG Capital Securities Co.

In planning and performing our audit of the financial statements and supplemental information of TIG Capital Securities Co. (the "Company"), for the year ended 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 (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 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 U. S. 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 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 information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, Inc., and 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.



CHESHER & FULLER, L.L.P.

Dallas, Texas
January 17, 2002