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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

FEB 28 2002

SEC FILE NUMBER 8-15229

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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

V.J. SHAH & CO., INC.

OFFICIAL USE ONLY FIRM ID. NO.

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

7 FANEUIL HALL

BOSTON

MA

02109

(City)

(State)

(Zip Code)

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

VIJAY SHAH

617-723-3350

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

GRAY, GRAY & GRAY, LLP

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

34 SOUTHWEST PARK

WESTWOOD

MA

02090

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED MAR 18 2002

FOR OFFICIAL USE ONLY 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)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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OATH OR AFFIRMATION

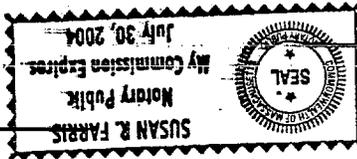
I, VIJAY SHAH, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of V.J. SHAH & CO., INC., as of DECEMBER, 31 2001, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

[Handwritten Signature]

Signature

[Handwritten Signature]

Notary Public



Title

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).

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

Form
 X-17A-5

FOCUS REPORT
 (Financial and Operational Combined Uniform Single Report)
PART II 11

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a) 16 2) Rule 17a-5(b) 17 3) Rule 17a-11 18
 4) Special request by designated examining authority 19 5) Other 26

NAME OF BROKER-DEALER

V J SHAH & CO., INC. 13

SEC FILE NO.

8-15229 1

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

SEVEN FANEUIL HALL 20

FIRM I.D. NO.

04-2456097 1

(No. and Street)

BOSTON 21

MA 22

02109 23

(City)

(State)

(Zip Code)

FOR PERIOD BEGINNING (MM/DD/YY)

01/01/01 2

AND ENDING (MM/DD/YY)

12/31/01 2

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

VIJAY J. SHAH, PRESIDENT 30

(Area Code)—Telephone No.

(617) 723-3350 3

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

OFFICIAL USE 3

32

34

36

38

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES 40 NO 4

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT 4

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the _____ day of _____ 19____

Manual signatures of:

- 1) _____
Principal Executive Officer or Managing Partner
- 2) _____
Principal Financial Officer or Partner
- 3) _____
Principal Operations Officer or Partner

ATTENTION—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78f(a))

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

NAME (If individual, state last, first, middle name)

GRAY, GRAY & GRAY, LLP

70

ADDRESS

34 SOUTHWEST PARK

71

WESTWOOD

72

MA

73

02090

74

Number and Street

City

State

Zip Code

CHECK ONE

Certified Public Accountant

75

Public Accountant

76

Accountant not resident in United States
or any of its possessions

77

FOR SEC USE

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DO NOT WRITE UNDER THIS LINE ... FOR SEC USE ONLY

WORK LOCATION	REPORT DATE MM/DD/YY	DOC. SEQ. NO.	CARD				
50	51	52	53				

BROKER OR DEALER **V J SHAH & CO., INC.** **N 2**

100

STATEMENT OF FINANCIAL CONDITION

as of (MM/DD/YY) 12/31/01 99
 SEC FILE NO. 8-15229 98
 Consolidated 198
 Unconsolidated 199

	ASSETS			
	Allowable		Non-Allowable	Total
1. Cash	\$ 22,647	200		\$ 22,647 750
2. Cash segregated in compliance with federal and other regulations	622	210		622 760
3. Receivable from brokers or dealers and clearing organizations:				
A. Failed to deliver:				
1. Includable in "Formula for Reserve Requirements"		220		0 770
2. Other		230		
B. Securities borrowed:				
1. Includable in "Formula for Reserve Requirements"		240		0 780
2. Other		250		
C. Omnibus accounts:				
1. Includable in "Formula for Reserve Requirements"		260		0 790
2. Other		270		
D. Clearing organizations:				
1. Includable in "Formula for Reserve Requirements"		280		0 800
2. Other		290		
E. Other		300	\$ 550	0 810
4. Receivables from customers:				
A. Securities accounts:				
1. Cash and fully secured accounts		310		
2. Partly secured accounts		320	560	
3. Unsecured accounts			570	
B. Commodity accounts		330	580	
C. Allowance for doubtful accounts	()	335	() 590	0 820
5. Receivables from non-customers:				
A. Cash and fully secured accounts		340		
B. Partly secured and unsecured accounts	10,468	350	600	10,468 830
6. Securities purchased under agreements to resell		360	605	840
7. Securities and spot commodities owned, at market value:				
A. Bankers acceptances, certificates of deposit and commercial paper		370		
B. U.S. and Canadian government obligations		380		
C. State and municipal government obligations		390		
D. Corporate obligations		400		

OMIT PENNIES

BROKER OR DEALER

V J SHAH & CO., INC.

as of DECEMBER 31, 2001

STATEMENT OF FINANCIAL CONDITION

		ASSETS			
		Allowable		Nonallowable	Total
E. Stocks and warrants		\$ 394,488	410		
F. Options			420		
G. Arbitrage			422		
H. Other securities		59,624	424		
I. Sport commodities			430		
				\$ 454,112	850
8. Securities owned not readily marketable:					
A. At Cost	\$ 3,300	130	440	\$ 3,300	610
9. Other investments not readily marketable:					
A. At Cost	\$	140			
B. At estimated fair value			450	620	0
10. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:					
A. Exempted securities	\$	150			
B. Other	\$	160	460	630	0
11. Secured demand notes - market value of collateral:					
Exempted securities	\$	170			
Other	\$	180	470	640	0
12. Memberships in exchanges:					
Owned, at market value	\$	190			
Owned at cost				650	
Contributed for use of company, at market value				660	0
13. Investment in and receivables from affiliates, subsidiaries and associated partnerships			480	670	0
14. Party, furniture, equipment, leasehold improvements and rights under lease agreements:					
Cost (net of accumulated depreciation and amortization)			490	77,353	680
15. Assets:					
Dividends and interest receivable			500		690
Shipments			510		700
Loans and advances			520		710
Miscellaneous		133,941	530	13,204	720
16. TOTAL ASSETS	\$	621,790	540	\$ 93,857	740
				\$ 715,647	940

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER **V J SHAH & CO., INC.**

as of **DECEMBER 31, 2001**

STATEMENT OF FINANCIAL CONDITION

LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A.I. Liabilities*</u>	<u>Non-A.I. Liabilities*</u>	<u>Total</u>
17. Bank loans payable:			
A. Includable in "Formula for Reserve Requirements"	\$ 1030	\$ 1240	\$ 0 1460
B. Other	1040	1250	0 1470
18. Securities sold under repurchase agreement		1260	0 1480
19. Payable to brokers or dealers and clearing organizations:			
A. Failed to receive:			
1. Includable in "Formula for Reserve Requirements"	1050	1270	0 1490
2. Other	1060	1280	0 1500
B. Securities loaned:			
1. Includable in "Formula for Reserve Requirements"	1070	1290	0 1510
2. Other	1080	1290	0 1520
C. Omnibus accounts:			
1. Includable in "Formula for Reserve Requirements"	1090		0 1530
2. Other	1095	1300	0 1540
D. Clearing organizations:			
1. Includable in "Formula for Reserve Requirements"	1100		0 1550
2. Other	1105	1310	0 1560
E. Other	1110	1320	0 1570
20. Payable to customers:			
A. Securities accounts-including free credits of \$ 950	1120		0 1580
B. Commodities accounts	1130	1330	0 1590
21. Payable to non customers:			
A. Securities accounts	1140	1340	0 1600
B. Commodities accounts	1150	1350	0 1610
22. Securities sold not yet purchased at market value-including arbitrage of \$ 960		1360	0 1620
23. Accounts payable and accrued liabilities and expenses:			
A. Drafts payable	1160		0 1630
B. Accounts payable	1,764 1170		1,764 1640
C. Income taxes payable	1,614 1180		1,614 1650
D. Deferred income taxes	6,500 1190	12,153 1370	12,153 1660
E. Accrued expenses and other liabilities	1200		6,500 1670
F. Other		1380	0 1680

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*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

BROKER OR DEALER

V J SHAH & CO., INC.

as of DECEMBER 31, 2001

STATEMENT OF FINANCIAL CONDITION

LIABILITIES AND OWNERSHIP EQUITY (continued)

<u>Liabilities</u>	<u>A.I. Liabilities*</u>	<u>Non-A.I. Liabilities*</u>	<u>Total</u>
4. Notes and mortgages payable:			
A. Unsecured	\$ 1210		\$ 0 1690
B. Secured	\$ 1211	\$ 1390	\$ 0 1700
5. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		1400	0 1710
1. from outsiders ²⁴ \$ 970			
2. Includes equity subordination (15c3-1(d)) of ... \$ 980			
B. Securities borrowings, at market value from outsiders \$ 990		1410	0 1720
C. Pursuant to secured demand note collateral agreements:		1420 ²⁷	0 1730
1. from outsiders \$ 1000			
2. Includes equity subordination (15c3-1(d)) of ... \$ 1010			
D. Exchange memberships contributed for use of company, at market value ²⁶		1430	0 1740
E. Accounts and other borrowings not qualified for net capital purposes 1220		1440	0 1750
5. TOTAL LIABILITIES	\$ 9,878 1230	\$ 12,153 1450	\$ 22,031 1760
 <u>Ownership Equity</u>			
7. Sole proprietorship			\$ 1770
8. Partnership-limited partners	\$ 1020		1780
9. Corporation:			
A. Preferred stock			24,000 1791
B. Common stock			²⁸ 5,900 1792
C. Additional paid-in capital			8,319 1793
D. Retained earnings			712,354 1794
E. Total			750,573 1795
F. Less capital stock in treasury			(56,957) 1796
10. TOTAL OWNERSHIP EQUITY			\$ 693,616 1800
11. TOTAL LIABILITIES AND OWNERSHIP EQUITY			\$ 715,647 1810

OMIT PENNIES

Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER

V J SHAH & CO., INC.

as of DECEMBER 31, 2001

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition - Item 1800).....	\$	693,616	3480
2. Deduct: Ownership equity not allowable for Net Capital	(3490
3. Total ownership equity qualified for Net Capital		693,616	3500
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		0	3520
B. Other (deductions) or allowable credits (List)	\$	0	3525
5. Total capital and allowable subordinated liabilities	\$	693,616	3530
6. Deductions and/or charges:			
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C).....	\$	93,857	3540
1. Additional charges for customers' and non-customers' security accounts	\$		3550
2. Additional charges for customers' and non-customers' commodity accounts			3560
B. Aged fail-to-deliver.....			3570
1. Number of items		3450	
C. Aged short security differences-less reserve of	\$	3470	3580
number of items		3470	
D. Secured demand note deficiency			3590
E. Commodity futures contracts and spot commodities - proprietary capital charges			3600
F. Other deductions and/or charges			3610
G. Deductions for accounts carried under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) ..			3615
H. Total deductions and/or charges	(93,857	3620
7. Other additions and/or allowable credits (List)		0	3630
8. Net capital before haircuts on securities positions	\$	599,759	3640
9. Haircuts on securities: (computed, where applicable, pursuant to 15c3-1(f)):			
A. Contractual securities commitments	\$		3660
B. Subordinated securities borrowings			3670
C. Trading and investment securities:			
1. Bankers' acceptances, certificates of deposit and commercial paper ...			3680
2. U.S. and Canadian government obligations			3690
3. State and municipal government obligations			3700
4. Corporate obligations			3710
5. Stocks and warrants		59,173	3720
6. Options			3730
7. Arbitrage			3732
8. Other securities		1,192	3734
D. Undue Concentration			3650
E. Other (list)		0	3736
10. Net Capital	\$	539,394	3750

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM STATEMENT REPORT
PART II**

ROKER OR DEALER **V J SHAH & CO., INC.**

as of **DECEMBER 31, 2001**

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

1. Minimum net capital required (6 2/3% of line 19)	\$	658	3756
2. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	250,000	3758
3. Net capital requirement (greater of line 11 or 12)	\$	250,000	3760
4. Excess net capital (line 10 less 13)	\$	289,394	3770
5. Excess net capital at 1000% (line 10 less 10% of line 19)	\$	538,406	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

1. Total A.I. liabilities from Statement of Financial Condition	\$	9,878	3790
2. Add:			
A. Drafts for immediate credit	\$	3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$	3810	
C. Other unrecorded amounts (List)	\$	0	3820
3. Deduct: Adjustment based on deposits in Special Reserve Bank Accounts (15c3-1(c)(1)(vii))	\$	0	3830
4. Total aggregate indebtedness	\$	9,878	3840
5. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	%	183	3850
6. Percentage of aggregate indebtedness to net capital <u>after</u> anticipated capital withdrawals (line 19 ÷ by line 10 less item 4880 page 11)	%	183	3853

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

1. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$	3870
2. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	3880
3. Net capital requirement (greater of line 22 or 23)	\$	3760
4. Excess net capital (line 10 less 24)	\$	3910
5. Percentage of Net Capital to Aggregate Debits (line 10 ÷ by line 17 page 8)	%	3851
6. Percentage of Net Capital, <u>after</u> anticipated capital withdrawals; to Aggregate Debits (Line 10 less item 4880 page 11 ÷ by line 17 page 8)	%	3854
7. Net capital in excess of the greater of:		
A. 5% of combined aggregate debit items or \$120,000	\$	3920

OTHER RATIOS

Part C

9. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%	3860
10. Options' deductions/Net Capital ratio (1000% test) total deductions exclusive of liquidating equity under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) ÷ Net Capital	%	3852

NOTES:

- A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
 - 1. Minimum dollar net capital requirement, or
 - 2. 6 2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

PART II — FINANCIAL AND OPERATIONAL STATEMENTS COMBINED SINGLE REPORT

BROKER OR DEALER V J SHAH & CO., INC.	For the period (MMDDYY) from <u>01/01/01</u> 3932 to <u>12/31/01</u> 3933 Number of months included in this statement 12 3931
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REVENUE STATEMENT OF INCOME (LOSS)

1. Commissions:		
a. Commissions on transactions in listed equity securities executed on an exchange	\$	3935
b. Commissions on transactions in exchange listed equity securities executed over-the-counter		3937
c. Commissions on listed option transactions		3938
d. All other securities commissions		133,313 3939
e. Total securities commissions		133,313 3940
2. Gains or losses on firm securities trading accounts		
a. From market making in over-the-counter equity securities		3941
1. Includes gains or (losses) OTC market making in exchange listed equity securities		3943
b. From trading in debt securities		3944
c. From market making in options on a national securities exchange		3945
d. From all other trading		(111,883) 3949
e. Total gains or (losses)		(111,883) 3950
3. Gains or losses on firm securities investment accounts		
a. Includes realized gains (losses)		4235
b. Includes unrealized gains (losses)		4236
c. Total realized and unrealized gains (losses)		3952
4. Profits or (losses) from underwriting and selling groups		3955
a. Includes underwriting income from corporate equity securities		4237
5. Margin interest		3960
6. Revenue from sale of investment company shares		3970
7. Fees for account supervision, investment advisory and administrative services		3975
8. Revenue from research services		3980
9. Commodities revenue		3990
10. Other revenue related to securities business		6,500 3985
11. Other revenue		3995
12. Total revenue	\$	27,930 4030

EXPENSES

13. Registered representatives' compensation		
14. Clerical and administrative employees' expenses		4110
15. Salaries and other employment costs for general partners, and voting stockholder officers		4040
a. Includes interest credited to General and Limited Partners capital accounts		30,000 4120
b. Includes interest credited to General and Limited Partners capital accounts		4130
16. Floor brokerage paid to certain brokers (see definition)		4055
17. Commissions and clearance paid to all other brokers (see definition)		4145
18. Clearance paid to non-brokers (see definition)		4135
19. Communications		6,573 4060
20. Occupancy and equipment costs		26,317 4080
21. Promotional costs		4150
22. Interest expense		4075
a. Includes interest on accounts subject to subordination agreements		4070
23. Losses in error account and bad debts		4170
24. Data processing costs (including service bureau service charges)		4186
25. Non-recurring charges		4190
26. Regulatory fees and expenses		1,911 4195
27. Other expenses		85,609 4100
28. Total expenses	\$	150,410 4200

NET INCOME

29. Income (loss) before Federal income taxes and items below (Item 12 less Item 28)		
30. Provision for Federal income taxes (for parent only)		(122,480) 4210
31. Equity in earnings (losses) of unconsolidated subsidiaries not included above		(5,935) 4220
a. After Federal income taxes of		4222
b. After Federal income taxes of		4238
32. Extraordinary gains (losses)		4224
a. After Federal income taxes of		4239
33. Cumulative effect of changes in accounting principles		4225
34. Net income (loss) after Federal income taxes and extraordinary items	\$	(128,415) 4230

MONTHLY INCOME

35. Income (current month only) before provision for Federal income taxes and extraordinary items		
	\$	4211

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER V J SHAH & CO., INC.

as of DECEMBER 31, 2001

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS FOR BROKER-DEALERS UNDER RULE 15c-3-3 (See Rule 15c3-3, Exhibit A and Related Notes)

CREDIT BALANCES

1. Free credit balances and other credit balances in customers' security accounts (see Note A, Exhibit A, Rule 15c3-3).....	\$	4340
2. Monies borrowed collateralized by securities carried for the accounts of customers (See Note B)		4350
3. Monies payable against customers' securities loaned (see Note C)		4360
4. Customers' securities failed to receive (see Note D)		4370
5. Credit balances in firm accounts which are attributable to principal sales to customers		4380
6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days		4390
7. **Market value of short security count differences over 30 calendar days old		4400
8. **Market value of short securities and credits (not to be offset by longs or by debits) in all suspense accounts over 30 calendar days		4410
9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days		4420
10. Other (List)	0	4425
11. TOTAL CREDITS	\$	0 4430

DEBIT BALANCES

12. **Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection net of deductions pursuant to Note E, Exhibit A, Rule 15c3-3	\$	4440
13. Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver		4450
14. Failed to deliver of customers' securities not older than 30 calendar days		4460
15. Margin required and on deposit with Options Clearing Corporation for all option contracts written or purchased in customer accounts (see Note F)		4465
16. Other (List)	0	4469
17. **Aggregate debit items	\$	0 4470
18. **Less 3% (for alternative method only—see Rule 15c3-1(f)(5)(i))		4471
19. **TOTAL 15c3-3 DEBITS	\$	0 4472

RESERVE COMPUTATION

20. Excess of total debits over total credits (line 19 less line 11)	\$	4480
21. Excess of total credits over total debits (line 11 less line 19)		4490
22. If computation permitted on a monthly basis, enter 105% of excess of total credits over total debits		4500
23. Amount held on deposit in "Reserve Bank Account(s)," including value of qualified securities, at end of reporting period		4510
24. Amount of deposit (or withdrawal) including \$ 4515 value of qualified securities		4520
25. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including \$ 4525 value of qualified securities	\$	0 4530
26. Date of deposit (MMDDYY)		4540

OMIT PENNIES

FREQUENCY OF COMPUTATION

27. Daily 4332 Weekly 4333 Monthly 4334

**In the event the Net Capital Requirement is computed under the alternative method, this "Reserve Formula" shall be prepared in accordance with the requirements of paragraph (f) of Rule 15c3-1.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER

V J SHAH & CO., INC.

as of DECEMBER 31, 2001

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
FOR BROKER-DEALERS UNDER RULE 15c-3-3 (continued)**

EXEMPTIVE PROVISIONS

28. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

- A. (k)(1) — \$2,500 capital category as per Rule 15c3-1 \$ 4550
- B. (k)(2)(A) — "Special Account for the Exclusive Benefit of customers" maintained 4560
- C. (k)(2)(B) — All customer transactions cleared through another broker-dealer on a fully disclosed basis.
Name of clearing firm 4335 4570
- D. (k)(3) — Exempted by order of the Commission 4580

Information for Possession or Control Requirements Under Rule 15c3-3

State the market valuation and number of items of:

- 1. Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date) but for which the required action was not taken by respondent within the time frame specified under Rule 15c3-3. Notes A and B \$ 4586
 - A. Number of items 4587
 - 2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3. Notes B, C and D \$ 4588
 - A. Number of items 4589
- OMIT PENNIES
- 3. The system and procedures utilized in complying with the requirement to maintain physical possession or control of customers' fully paid and excess margin securities have been tested and are functioning in a manner adequate to fulfill the requirements of Rule 15c3-3 Yes 4584 No 4585

NOTES

- A—Do not include in item one customers' fully paid and excess margin securities required by Rule 15c3-3 to be in possession or control but for which no action was required by the respondent as of the report date or required action was taken by respondent within the time frames specified under Rule 15c3-3.
- B—State separately in response to items one and two whether the securities reported in response thereto were subsequently reduced to possession or control by the respondent.
- C—Be sure to include in item two only items not arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.
- D—Item two must be responded to only with report which is filed as of the date selected for the broker's or dealer's annual audit of financial statements, whether or not such date is the end of a calendar quarter. The response to item two should be filed within 60 calendar days after such date, rather than with the remainder of this report. This information may be required on a more frequent basis by the Commission or the designated examining authority in accordance with Rule 17a-5(a)(2)(iv).

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER **V J SHAH & CO., INC.**

as of DECEMBER 31, 2001

SCHEDULE OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION

CUSTOMERS' REGULATED COMMODITY FUTURES ACCOUNTS

SEGREGATION REQUIREMENTS

1. Net ledger balance:	
A. Cash	7010
B. Securities (at market)	7020
2. Net unrealized profit (loss) in open futures contracts traded on a contract market	7030
3. Exchange traded options:	
A. Add: Market Value of open option contracts purchased on a contract market	7032
B. Deduct: Market Value of open option contracts granted (sold) on a contract market	7033
4. Net equity (deficit) (total of 1, 2 and 3)	7040
5. Add accounts liquidating to a deficit and accounts with debit balances with no open trades	7050
6. Amount required to be segregated (total of 5 and 5)	7060

FUNDS ON DEPOSIT IN SEGREGATION

7. Deposited in segregated funds bank accounts:	
A. Cash	7070
B. Securities representing investments of customers' funds (at market)	7080
C. Securities held for particular customers or option customers in lieu of cash (at market)	7090
8. Margins on deposit with clearing organizations of contract markets:	
A. Cash	7100
B. Securities representing investments of customers' funds (at market)	7110
C. Securities held for particular customers or option customers in lieu of cash (at market)	7120
9. Settlement due from (to) clearing organizations of contract markets	7130
10. Exchange traded options:	
A. Add: Unrealized receivables for option contracts purchased on contract markets	7132
B. Deduct: Unrealized obligations for option contracts granted (sold) on contract markets	7133
11. Net equities with other FCMs	7140
12. Segregated funds on hand:	
A. Cash	7150
B. Securities representing investments of customers' funds (at market)	7160
C. Securities held for particular customers in lieu of cash (at market)	7170
13. Total amount in segregation (total of 7 through 12)	\$ 7180
14. Excess (insufficiency) funds in segregation (13 minus 6)	\$ 7190

PART II

BROKER OR DEALER

V J SHAH & CO., INC.

as of DECEMBER 31, 2001

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (Yes or No)
54 4600	4601	4602	\$	4603	4604 4605
55 4610	4611	4612		4613	4614 4615
56 4620	4621	4622		4623	4624 4625
57 4630	4631	4632		4633	4634 4635
58 4640	4641	4642		4643	4644 4645
59 4650	4651	4652		4653	4654 4655
60 4660	4661	4662		4663	4664 4665
61 4670	4671	4672		4673	4674 4675
62 4680	4681	4682		4683	4684 4685
63 4690	4691	4692		4693	4694 4695

Total \$ 4699*

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*To agree with the total on Recap (Item No. 4880)

Instructions: Detail Listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

WITHDRAWAL CODE:	DESCRIPTIONS
1.	Equity Capital
2.	Subordinated Liabilities
3.	Accruals
4.	15c3-1(c)(2)(iv) Liabilities

**Capital Withdrawals
PART II**

BROKER OR DEALER

V J SHAH & CO., INC.

as of DECEMBER 31, 2001

RECAP

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, which have not been deducted in the computation of net capita.

1. Equity Capital

A. Partnership Capital:

1. General Partners	\$	4700
2. Limited		4710
3. Undistributed Profits		4720
4. Other (describe below)		4730
5. Sole Proprietorship		4735

B. Corporation Capital:

1. Common Stock		4740
2. Preferred Stock		4750
3. Retained Earnings (Dividends and Other)		4760
4. Other (describe below)		4770

2. Subordinated Liabilities

A. Secured Demand Notes		4780
B. Cash Subordinates		4790
C. Debentures		4800
D. Other (describe below)		4810

3. Other Anticipated Withdrawals

A. Bonuses		4820
B. Voluntary Contributions to Pension or Profit Sharing Plans		4860
C. Other (describe below)		4870

Total \$ 4880

4. Description of Other

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

1. Balance, beginning of period	\$	822,031	4240
A. Net income (loss)		(128,415)	4250
B. Additions (includes non-conforming capital of)	\$	4262	4260
C. Deductions (includes non-conforming capital of)	\$	4272	4270
2. Balance, end of period (From Item 1800)	\$	693,616	4290

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS**

3. Balance, beginning of period	\$	4300
A. Increases		4310
B. Decreases		4320
4. Balance, end of period (From Item 3520)	\$	4330

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CERTIFIED PUBLIC ACCOUNTANTS
THE NEXT GENERATION IN ACCOUNTING

INDEPENDENT AUDITORS' REPORT

Board of Directors
V. J. Shah & Co., Inc.

We have audited the accompanying statements of financial condition of **V. J. Shah & Co., Inc.** as of December 31, 2001 and 2000, and the related statements of operations and retained earnings and cash flows - direct method for the years 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 audits.

We conducted our audits 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 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 position of **V. J. Shah & Co., Inc.** 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 accounting principles generally accepted in the United States of America.



GRAY, GRAY & GRAY, LLP

January 8, 2002

V. J. SHAH & CO., INC.

STATEMENTS OF FINANCIAL CONDITION

ASSETS

	<u>December 31,</u>	
	<u>2001</u>	<u>2000</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 82,892	\$ 120,808
Investments, marketable securities	394,488	460,138
Prepaid expenses	13,204	7,293
Commissions receivable	10,468	10,462
Warrants	<u>3,300</u>	<u>38,300</u>
TOTAL CURRENT ASSETS	<u>504,352</u>	<u>637,001</u>
PROPERTY AND EQUIPMENT , at cost, less accumulated depreciation and amortization of \$153,565 in 2001 and \$135,329 in 2000	<u>77,354</u>	<u>93,429</u>
OTHER ASSETS		
Cash surrender value of life insurance	<u>133,941</u>	<u>127,373</u>
TOTAL ASSETS	<u>\$ 715,647</u>	<u>\$ 857,803</u>

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

V. J. SHAH & CO., INC.

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

	<u>Year Ended December 31,</u>	
	<u>2001</u>	<u>2000</u>
INCOME		
Commission, trading and service revenues	\$ 133,313	\$ 157,674
Dividend and interest income	6,500	9,701
Net realized and unrealized gains and losses from investment activities	<u>(111,883)</u>	<u>(421,251)</u>
TOTAL INCOME (LOSS)	<u>27,930</u>	<u>(253,876)</u>
OPERATING EXPENSES		
General and administrative expenses	132,173	233,800
Depreciation and amortization	<u>18,237</u>	<u>9,736</u>
TOTAL OPERATING EXPENSES	<u>150,410</u>	<u>243,536</u>
LOSS BEFORE (PROVISION FOR) BENEFIT FROM INCOME TAXES	(122,480)	(497,412)
(PROVISION FOR) BENEFIT FROM INCOME TAXES	<u>(5,935)</u>	<u>125,755</u>
NET INCOME (LOSS)	(128,415)	(371,657)
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>840,769</u>	<u>1,212,426</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 712,354</u>	<u>\$ 840,769</u>

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

V. J. SHAH & CO., INC.

STATEMENTS OF CASH FLOWS - DIRECT METHOD

	<u>Year Ended December 31,</u>	
	<u>2001</u>	<u>2000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 133,307	\$ 160,379
Cash paid to suppliers and employees	(129,198)	(257,953)
Dividends and interest received	6,500	9,701
Income taxes paid	<u>(130)</u>	<u>(6,396)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>10,479</u>	<u>(94,269)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,161)	(54,703)
Purchase of investments	(287,122)	(2,390,844)
Proceeds from sale of investments	<u>240,888</u>	<u>2,603,240</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(48,395)</u>	<u>157,693</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(37,916)	63,424
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>120,808</u>	<u>57,384</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 82,892</u>	<u>\$ 120,808</u>

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