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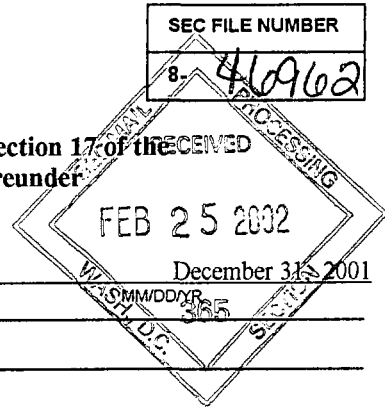
**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER

8-46962

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 January 1, 2001 AND ENDING December 31, 2001
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Tomex, Inc.

OFFICIAL USE ONLY

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

FIRM ID NO.

14 Wall Street, 30th Fl.

(No. and Street)

New York

(City)

NY

(State)

10005

(Zip Code)

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

Randy Sofferman

516-487-4070

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this report*

Lipner, Sofferman & Co., LLP

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

185 Great Neck Road

(Address)

Great Neck

(City)

NY

(State)

11021

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 15 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).

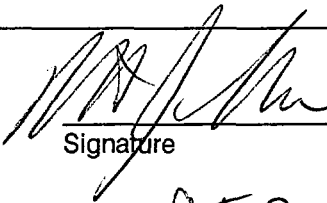
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UP 3-14-02

OATH OR AFFIRMATION

I, Robert Tomasulo, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Tomex, 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:



Signature
CEO

Title

Notary Public

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

- X (a) Facing page.
- X (b) Statement of Financial Condition.
- X (c) Statement of Income (Loss).
- X (d) Statement of Cash Flows.
- X (e) Statement of Changes in Stockholders' Equity or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- X (g) Computation of Net Capital.
- X (h) Computation of Determination for Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- X (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.
- X (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with focus Report.
- X (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.
- X (o) Auditors' Report on Internal Control Structure Required by SEC Rule 17a-5.



LIPNER, SOFFERMAN & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

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NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Tomex, Inc.
c/o Chancellor Consultants
14 Wall Street
30th Floor
New York, NY 10005

We have audited the accompanying statement of financial condition of Tomex, Inc. as of December 31, 2001, and the related statements of loss, retained earnings, cash flows, and the statement of 15c 3-1 net capital computation for the year then ended that you are filing pursuant to 17a-5 under the Securities and 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 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 the individual, 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 Tomex, Inc. at December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information 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.

Great Neck, NY
February 8, 2002

Lipner, Sofferman & Co., LLP

TOMEX, INC.

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2001

ASSETS

Cash - checking	\$17,862	
- money market	<u>23,200</u>	\$ 41,062
Commissions receivable		372,035
Prepaid expenses		1,682
Error account		<u>728</u>
		<u>\$415,507</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:		
Accrued expenses		\$ 89,433
Stockholder's equity:		
Common stock, \$100 par value, 100 shares authorized; issued and out- standing 100 shares		10,000
Retained earnings		<u>316,074</u>
		<u>326,074</u>
		<u>\$415,507</u>

See accompanying notes to financial statements.



TOMEX, INC.

STATEMENT OF (LOSS)

YEAR ENDED DECEMBER 31, 2001

Income:			
Commissions		\$4,417,880	
Interest and dividend income		453	
Profit on error account		<u>284</u>	
			\$4,418,617
Expenses:			
Officer's salary		1,590,000	
Salaries		422,000	
Consulting fees		705,000	
Floor brokerage expenses		879,049	
Seat lease expense		300,000	
Floor clerk expense		63,587	
New York Stock Exchange expenses		104,824	
Travel and entertainment		143,781	
Charitable donations		10,000	
Employee benefits		27,288	
Telephone		92,357	
Payroll taxes		56,775	
Professional fees		28,414	
Office expenses		48,019	
New York State and city corporation taxes		39,589	
Insurance expense		7,000	
Dues and fees		<u>3,196</u>	
			<u>4,520,879</u>
Net (loss)			<u>(\$ 102,262)</u>

See accompanying notes to financial statements.



TOMEX, INC.

STATEMENT OF RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 2001

Balance, January 1, 2001	\$418,336
Net (loss)	(<u>102,262</u>)
Balance, December 31, 2001	<u>\$316,074</u>

See accompanying notes to financial statements.



TOMEX, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2001

Cash flows from operating activities:	
Net (loss)	<u>(\$102,262)</u>
Adjustments to reconcile net (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Decrease in commissions receivable	87,450
Decrease in prepaid expenses	1,596
(Increase) in error account	(246)
(Decrease) in accrued expenses	<u>(20,494)</u>
Net cash provided by operating activities	<u>68,306</u>
Net (decrease) in cash	(33,956)
Cash, beginning	<u>75,018</u>
Cash, ending	<u>\$ 41,062</u>
Supplemental disclosures:	
Income taxes paid during year	\$ 37,584
Interest paid during year	\$ -

See accompanying notes to financial statements.



TOMEX, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

1. Statement of Significant Accounting Policies:

Organization:

The company is a registered broker under the Securities and Exchange Act of 1934.

The company was incorporated under the laws of the State of New York on February 25, 1994, and was authorized to do business in New York. It is a member of the New York Stock Exchange and operates as a floor broker.

Error Account:

The company maintains an error account with Investec Ernst & Company.

Income Taxes:

The company has elected to be taxed as an "S" Corporation under the Internal Revenue Code for federal and state income tax purposes. Such election allows income to be taxed directly to the shareholder. Accordingly, no provision has been made for federal and state income taxes, other than the minimum required by New York State. Provision has been made, however, for New York City corporation tax.

The company has adopted the liability method of accounting for income taxes pursuant to Statement of Financial Accounting Standards (SFAS) No. 109. Under SFAS No. 109, deferred income taxes are recorded to reflect tax consequences on future years for differences between the tax bases of assets and liabilities and their financial reporting amounts at each year end, if any. As of December 31, 2001, there were no such differences.

Use of Estimates:

Management uses estimates and assumptions in preparing 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 assumed in preparing the financial statements.

TOMEX, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

1. Statement of Significant Accounting Policies (continued):

Concentration of Risk:

As of December 31, 2001, the bank statement indicated a balance of \$182,697 on deposit with HSBC Bank. Funds deposited with a single financial institution are insured up to \$100,000 in the aggregate by the Federal Deposit Insurance Corporation (FDIC). Should this bank become unable to meet its obligations, losses could be incurred by the company.

Commitments and Contingencies:

The company has an operating lease for a two year term, for a seat on the New York Stock Exchange. The lease expires on July 27, 2002.

It is the company's intention to renew the current lease when it expires. The lease may be cancelled upon 15 days written notice for certain violations of the lease agreements. Future minimum lease payments, including anticipated renewals, are as follows:

2002	<u>\$175,000</u>
------	------------------

The seat lease expense for the year 2001 was \$300,000.

2. Net Capital Requirements:

Tomex, Inc. is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15C3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (the rule of the New York Stock Exchange also provides that equity capital may not be withdrawn if the resulting net capital ratio would exceed 10 to 1). At December 31, 2001, Tomex, Inc. had net capital of \$324,392 which was \$318,430 in excess of its required net capital. Tomex, Inc.'s net capital ratio was .2757 to 1.

3. Financial Instruments with Off-Balance Sheet Credit Risk:

As a securities broker, the company is engaged in buying and selling securities for a diverse group of institutional and



TOMEX, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

3. Financial Instruments with Off-Balance Sheet Credit Risk (continued):

individual investors. The company's transactions are collateralized and are executed with and on behalf of banks, brokers and dealers and other financial institutions. The company introduces these transactions for clearance to another broker/dealer on a fully disclosed basis.

The company's exposure to credit risk associated with non-performance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair customers' ability to satisfy their obligations to the company and the company's ability to liquidate the collateral at an amount equal to the original contracted amount. The agreement between the company and its clearing broker provides that the company is obligated to assume any exposure related to such non-performance by its customers. The company seeks to control the aforementioned risks by requiring customers to maintain margin collateral in compliance with various regulatory requirements and the clearing brokers internal guidelines. The company monitors its customers activity by reviewing information it receives from its clearing broker on a daily basis, and requiring customers to deposit additional collateral, or reduce positions when necessary.

4. Post Retirement Benefit Plan:

The company has a profit-sharing plan whereby it shares a portion of its profits with all employees who meet plan eligibility requirements. the plan includes a provision for additional salary deferral under Internal Revenue Code Section 401(k). Contributions to the plan are discretionary and are determined annually by the company. For the year ended December 31, 2001, the company made no contributions to the plan.



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

BROKER OR DEALER Tomex, Inc. as of 12/31/01

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition		\$	326,074	3480
2. Deduct ownership equity not allowable for Net Capital		19	()	3490
3. Total ownership equity qualified for Net Capital			326,074	3500
4. Add:				
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital				3520
B. Other (deductions) or allowable credits (List)				3525
5. Total capital and allowable subordinated liabilities		\$	326,074	3530
6. Deductions and/or charges:				
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	17	\$	1,682	3540
B. Secured demand note delinquency				3590
C. Commodity futures contracts and spot commodities— proprietary capital charges				3600
D. Other deductions and/or charges				3610
7. Other additions and/or allowable credits (List)			(1,682)	3620
8. Net capital before haircuts on securities positions		20	\$	324,392
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. Exempted securities	18			3735
2. Debt securities				3733
3. Options				3730
4. Other securities				3734
D. Undue Concentration				3650
E. Other (List)				3736
10. Net Capital		\$	324,392	3740
				3750

OMIT PENNIES

A. Non allowable assets:
 Prepaid expenses

\$1,682

B. Reconciliation with Tomex, Inc. computation - included on
Part IIA of Form X-17A-5 as of December 31, 2001 filed
January 2002:
Net capital as reported in Tomex, Inc. Part IIA unaudited
focus report
Net income adjustments
Net capital per above

\$302,355
22,037
\$324,392

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

BROKER OR DEALER Tomex, Inc.

as of 12/31/01

COMPUTATION OF NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6 2/3% of line 19)	\$ 5,962	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ 5,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$ 5,962	3760
14. Excess net capital (line 10 less 13)	\$ 318,430	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$ 315,449	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$ 89,433	3790
17. 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)	\$ 3820	
19. Total aggregate indebtedness	\$ * 89,433	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ line 10)	%	27.57 3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	%	3860

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

22. 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	\$	3970
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	3880
24. Net capital requirement (greater of line 22 or 23)	\$	3760
25. Excess capital (line 10 less 24)	\$	3910
26. Net capital in excess of the greater of:		
A. 5% of combined aggregate debit items or \$120,000	\$	3920

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 4% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note 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.

*Reconciliation with Tomex, Inc.'s computation included in Part IIA of Form X-17A-5 line 3840 as of December 31, 2001 filed in January 2002:
Aggregate indebtedness as reported in Tomex, Inc.'s Part IIA

unaudited focus report	\$ 27,540	
Net income adjustments	61,893	
Aggregate indebtedness per above	\$ 89,433	



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INDEPENDENT AUDITORS'

REPORT ON INTERNAL CONTROL STRUCTURE

REQUIRED BY SEC RULE 17a-5

Tomex, Inc.
c/o Chancellor Consultants
14 Wall Street
30th Floor
New York, NY 10005

In planning and performing our audit of the financial statements of Tomex, Inc. for the period ended December 31, 2001, we considered the 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.

Also, as required by rule 17A-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Tomex, Inc. 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 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-12 (2) in complying with the requirements for prompt payment of securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, and (3) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15c3-3 because the company does not carry security accounts for customers or perform custodial functions relating to customer securities.

Tomex, Inc. 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 Tomex, Inc. 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 the company with reasonable, but not absolute, assurance that assets for which it has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with its authorization and recorded properly to permit preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph. The above should be considered with the fact that the company is owned by one individual and does not maintain a separate office staff.

Because of 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 Tomex, Inc.'s practices and procedures were adequate at December 31, 2001, and further, no facts came to our attention indicating that the company was not in compliance with such conditions during the period from January 1, 2001 to December 31, 2001.

This report is intended solely for the use of Tomex, Inc., the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. 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.

Lipner, Sofferman & Co., LLP

LIPNER, SOFFERMAN & CO., LLP

Great Neck, NY
February 8, 2002



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**INDEPENDENT AUDITORS'
REPORT OF DIFFERENCES BETWEEN
AUDITED REPORT AND FOCUS REPORT
DECEMBER 31, 2001**

Tomex, Inc.
c/o Chancellor Consultants
14 Wall Street
30th Floor
New York, NY 10005

In performing our audit of Tomex, Inc. for the period ended December 31, 2001, we made adjustments that affected the December 31, 2001 focus report Form X-17A-5. The adjustments were as follows:

A) Increase of December 31, 2001 year end income accrual	\$ 83,930
B) Increase in accrued expenses	(61,893)
	<u>\$ 22,037</u>

The net capital after haircuts as reported on our December 31, 2001 audited report was \$324,392; the net capital after haircuts as reported on the December 31, 2001 focus report Form X-17A-5 was \$302,355. This report was not prepared by us. The difference between these figures is \$22,037, as indicated above.

Lipner, Sofferman & Co., LLP

LIPNER, SOFFERMAN & CO., LLP

TOMEX, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2001

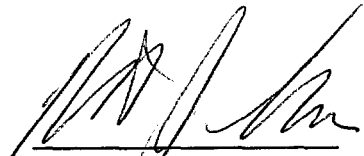
TOMEX, INC.
c/o Chancellor Consultants
14 Wall Street
30th Floor
New York, NY 10005

February 12, 2002

New York Stock Exchange
Data Control Section
20 Broad Street
New York, NY 10005

To the New York Stock Exchange:

In accordance with Rule 418.15 of the New York Stock Exchange, we attest that the annual financial statements and operational reports, for the year ended December 31, 2001 filed with the Exchange, shall be made available to all members or allied members of the organization.



Robert Tomasulo, CEO
Tomex, Inc.



Helen Passariello, Financial
Officer

TOMEX, INC.

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DECEMBER 31, 2001

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