

AM 3/4/2002 v

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

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

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 Jan. 1, 2001 AND ENDING Dec. 31, 2001  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

LEONARD SECURITIES, INC.

OFFICIAL USE ONLY  
FIRM ID. NO.

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

2601 N.W. EXPRESSWAY SUITE 1201 W

(No. and Street)

OKLAHOMA CITY, OKLAHOMA 73112

(City)

(State)

(Zip Code)

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

ROBERT L. SAVAGE

405 879-0166

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

HENLEY AND JOHNSON, P.L.L.C.

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

1409 N.W. 150th

EDMOND

OKLAHOMA

73013

(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED

APR 08 2002

THOMSON  
FINANCIAL

FOR OFFICIAL USE ONLY

Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

**OATH OR AFFIRMATION**

I, Robert L. Savage, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Leonard Securities, Inc., 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:

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

Robert L. Savage  
Signature  
President  
Title

Guarrette Du Bois  
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 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).

**LEONARD SECURITIES, INC.**

Statement of Financial Condition  
Two Years Ended December 31, 2001 and 2000

(With Independent Auditors' Report)

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# HENLEY AND JOHNSON, P.L.L.C.

Certified Public Accountants

1409 N. W. 150th

Edmond, Oklahoma 73013

Phone: (405) 348-8348

Fax: (405) 348-8001

Jack S. Henley, CPA  
William J. Johnson, CPA

Member  
Oklahoma Society of  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Leonard Securities, Inc.

We have audited the accompanying statements of financial condition of Leonard Securities, Inc., as of December 31, 2001 and 2000, and the related statements of operations, changes in stockholders' equity, changes in subordinated borrowing, and cash flows for the two years ended December 31, 2001 and 2000. 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 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 condition of Leonard Securities, Inc. as of December 31, 2001 and 2000, and the results of its operations, its changes in subordinated borrowing, and its cash flows for the two years ended December 31, 2001 and 2000, 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 contained on page 13 is presented for the purpose 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.



Edmond, Oklahoma  
February 13, 2002

**LEONARD SECURITIES, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2001 AND 2000**

ASSETS

|  | December 31, |            |
|--|--------------|------------|
|  | 2001         | 2000       |
| Cash and cash equivalents  | \$ 187,171   | \$ 169,637 |
| Restricted cash deposit with clearing organization - Note 3                          | 25,000       | 25,000     |
| Other receivables  | 8,945        | 3,125      |
| Securities owned, not readily marketable   | 3,300        | 3,300      |
| Secured demand note  | -0-          | -0-        |
| Furniture and Equipment, net of accumulated<br>depreciation of \$44,640 and \$30,089 | 16,624       | 26,803     |
| Security deposits  | 2,848        | 1,982      |
| Organization costs less amortization of \$4,550 and \$3,363                          | 198          | 1,385      |
|  | 244,086      | 231,232    |

LIABILITIES

|                     |        |        |
|---------------------|--------|--------|
| Accounts payable    | 3,054  | 4,248  |
| Accrued liabilities | 64,000 | 41,395 |
|                     | 67,054 | 45,643 |

STOCKHOLDERS' EQUITY

|  |            |            |
|--|------------|------------|
| Common Stock, \$1.00 par value, authorized 50,000 shares,<br>outstanding 1,097 and 1,090 in 2001 and 2000. | 1,097      | 1,090      |
| Additional Paid-in Capital   | 218,303    | 216,910    |
| Retained Earnings (Deficit)  | ( 42,368)  | ( 32,411)  |
|  | 177,032    | 185,589    |
|  | \$ 244,086 | \$ 231,232 |