



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

BB 3/5

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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III FEB 27 2002

SEC FILE NUMBER
8-35536

FACING PAGE **386**

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 1/1/01 AND ENDING 12/31/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
Mack Investment Securities, Inc.

OFFICIAL USE ONLY
FIRM ID NO.

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

1939 Waukegan Rd., Suite 300
(No. and Street)

Glenview Illinois 60025
(City) (State) (Zip Code)

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

Stephen W. Mack (847) 657-6600
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Altschuler, Melvoin and Glasser LLP
(Name - if individual, state last, first, middle name)

One South Wacker Drive Chicago Illinois 60606
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED
MAR 15 2002
THOMSON FINANCIAL

FOR OFFICIAL USE ONLY

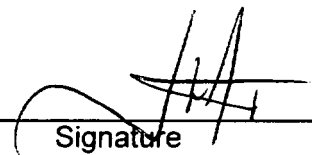
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

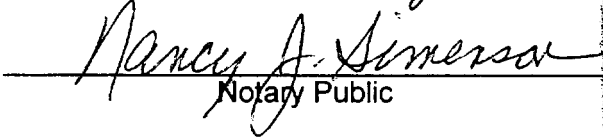
I, Stephen W. Mack, affirm that, to the best of my knowledge and belief, the accompanying statement of financial condition pertaining to the firm of Mack Investment Securities, Inc., as of December 31, 2001, is true and correct. I further affirm that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer.

Sworn and subscribed to me on the

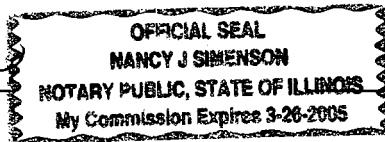
18th day of February, 2002



Signature



Notary Public



Stephen W. Mack, President
Title

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 Auditors' Report on Internal Control.

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

Mack Investment Securities, Inc.

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Altschuler, Melvoin and Glasser LLP
Certified Public Accountants and Consultants

Independent Auditors' Report

Board of Directors of
Mack Investment Securities, Inc.

We have audited the accompanying statement of financial condition of Mack Investment Securities, Inc. as of December 31, 2001 that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement of financial condition referred to above presents fairly, in all material respects, the financial position of Mack Investment Securities, Inc. as of December 31, 2001 in conformity with U.S. generally accepted accounting principles.

Chicago, Illinois
January 30, 2002

Mack Investment Securities, Inc.
Statement of Financial Condition
December 31, 2001

Assets

Cash and cash equivalents	\$ 114,423
Commissions receivable	111,478
Receivable from and deposit with clearing broker	39,096
Furniture and equipment	20,419
Other assets	<u>6,951</u>
Total assets	<u>\$ 292,367</u>

Liabilities and Stockholder's Equity

Liabilities	
Payable to agents	\$ 69,574
Accounts payable	<u>4,967</u>
Total liabilities	74,541
Stockholder's equity	<u>217,826</u>
Total liabilities and stockholder's equity	<u>\$ 292,367</u>

Mack Investment Securities, Inc.
Notes to the Statement of Financial Condition
December 31, 2001

Note 1 Nature of Operations and Significant Accounting Policies

Nature of Operations—Mack Investment Securities, Inc. (the "Company") is a registered securities broker-dealer and a registered investment advisor. The Company provides brokerage services to retail customers. Customer securities transactions are cleared through another broker-dealer on a fully disclosed basis. As an investment advisor, the Company provides investment management services to individuals, trusts, retirement plans and corporations.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents—Cash equivalents are all highly liquid investments with a maturity of three months or less at the date of acquisition.

Furniture and Equipment—Furniture and equipment are recorded at cost and depreciated by the straight-line method over the estimated useful lives of the assets.

Income Recognition—Securities transactions and the related commission revenue and expenses are recorded on trade date. Advisory fees are recognized as earned and are based primarily on assets managed.

Income Taxes—No provision has been made for federal income taxes as the Company has elected to be taxed as an S corporation under the provisions of the Internal Revenue Code and, accordingly, income is taxable to the stockholder.

Note 2 Furniture and Equipment

Furniture and equipment at December 31, 2001 is net of accumulated depreciation of \$260,092.

Note 3 Employee Benefit Plan

The Company maintains a profit sharing and money purchase pension plan, with a 401(k) provision, covering all eligible employees. The Company contributes a percentage of salaries, matches participant contributions, and may make discretionary contributions to the plan, subject to certain limitations as set forth in the plan agreement.

Mack Investment Securities, Inc.
Notes to the Statement of Financial Condition
December 31, 2001

Note 4 Commitments

The Company leases office space under a lease that expires June 30, 2004. At December 31, 2001, the minimum annual rental commitments, exclusive of additional payments that may be required for certain increases in operating costs, are as follows:

2002	\$ 44,472
2003	45,810
2004	<u>23,244</u>
Total	<u>\$ 113,526</u>

Note 5 Off-Balance-Sheet Risk

Securities transactions of customers are introduced to and cleared through the Company's clearing broker. Under the terms of its clearing agreement, the Company is required to guarantee the performance of its customers in meeting contracted obligations. In conjunction with the clearing broker, the Company seeks to control the risks associated with its customer activities by requiring customers to maintain collateral in compliance with various regulatory and internal guidelines. Compliance with the various guidelines is monitored daily and, pursuant to such guidelines, customers may be required to deposit additional collateral or reduce positions where necessary.

Amounts receivable from and on deposit with the clearing broker represent a concentration of credit risk. The Company does not anticipate nonperformance by customers or its clearing broker. In addition, the Company has a policy of reviewing, as considered necessary, the creditworthiness of the clearing broker with which it conducts business.

Note 6 Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1). Under this rule, the Company is required to maintain "net capital" of 6-2/3 percent of "aggregate indebtedness" or \$50,000, whichever is greater, as these terms are defined.

Net capital and aggregate indebtedness change from day to day, but at December 31, 2001, the Company had net capital and net capital requirements of approximately \$134,000 and \$50,000, respectively. The net capital rule may effectively restrict the payment of cash dividends.

Mack Investment Securities, Inc.

Statement of Financial Condition

December 31, 2001

Filed Pursuant to Rule 17a-5(d) Under the Securities
Exchange Act of 1934



Altschuler, Melvoin and Glasser LLP
Certified Public Accountants and Consultants