

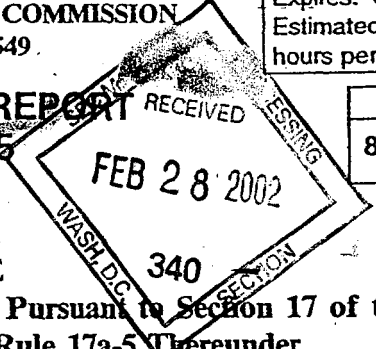


AAJ
3/29/2002

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

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	September 30, 1998
Estimated average burden hours per response . . .	12.00

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



SEC FILE NUMBER
8- 33322 A01621-5

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:

Fairbridge Securities Corporation

OFFICIAL USE ONLY
FIRM ID. NO.

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

330 North 121st Street

(No. and Street)

Milwaukee

WI

53226

(City)

(State)

(Zip Code)

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

Victor Shier

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Virchow, Krause & Company, LLP

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

115 S. 84th Street

Suite 400

Milwaukee

WI

53214

(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 01 2002

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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).

AAJ
3/29/02

OATH OR AFFIRMATION

I, Victor Shier, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Fairbridge Securities Corporation, 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:

Victor A. Shier
Victor A. Shier
VICE PRESIDENT
Title

Ramy

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).

**FAIRBRIDGE SECURITIES
CORPORATION**

(A Wholly-Owned Subsidiary of BJG Management, Inc.)

Milwaukee, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2001 and 2000

FAIRBRIDGE SECURITIES CORPORATION
(A Wholly-Owned Subsidiary of BJJ Management, Inc.)

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**Virchow Krause
& company**

INDEPENDENT AUDITORS' REPORT

Board of Directors
Fairbridge Securities Corporation
Milwaukee, Wisconsin

We have audited the accompanying balance sheets of Fairbridge Securities Corporation as of December 31, 2001 and 2000 and the related statements of operations and retained earnings and cash flows for the years 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 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 Fairbridge Securities Corporation as of December 31, 2001 and 2000 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Virchow, Krause & Company, LLP

Milwaukee, Wisconsin
February 1, 2002

FAIRBRIDGE SECURITIES CORPORATION
(A Wholly-Owned Subsidiary of BJB Management, Inc.)

BALANCE SHEETS
December 31, 2001 and 2000

ASSETS		
	<u>2001</u>	<u>2000</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 100,885	\$ 33,505
Accounts receivable	4,475	165
Prepaid expenses	<u>445</u>	<u>101</u>
Total Current Assets	<u>105,805</u>	<u>33,771</u>
TOTAL ASSETS	<u>\$ 105,805</u>	<u>\$ 33,771</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accrued compensation	\$ 1,790	\$ -
Accrued expenses	2,296	4,928
Income taxes payable	<u>17,014</u>	<u>1,213</u>
Total Current Liabilities	<u>21,100</u>	<u>6,141</u>
TOTAL LIABILITIES	<u>21,100</u>	<u>6,141</u>
STOCKHOLDERS' EQUITY		
Common stock, \$1 par value per share 56,000 shares authorized 10,000 shares issued and outstanding	\$ 10,000	\$ 10,000
Retained earnings	<u>74,705</u>	<u>17,630</u>
Total Stockholders' Equity	<u>84,705</u>	<u>27,630</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 105,805</u>	<u>\$ 33,771</u>

See accompanying notes to financial statements.

FAIRBRIDGE SECURITIES CORPORATION

(A Wholly-Owned Subsidiary of BJK Management, Inc.)

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
COMMISSIONS INCOME	\$ 122,717	\$ 99,728
MANAGEMENT FEES AND OPERATING EXPENSES	<u>49,423</u>	<u>82,660</u>
Operating Income	73,294	17,068
INTEREST INCOME	<u>2,095</u>	<u>-</u>
INCOME TAXES	<u>18,314</u>	<u>3,591</u>
NET INCOME	57,075	13,477
RETAINED EARNINGS - Beginning of Year	<u>17,630</u>	<u>4,153</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 74,705</u>	<u>\$ 17,630</u>

See accompanying notes to financial statements.

FAIRBRIDGE SECURITIES CORPORATION

(A Wholly-Owned Subsidiary of BJK Management, Inc.)

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 57,075	\$ 13,477
Adjustments to reconcile net income to net cash flows from operating activities		
Changes in assets and liabilities		
Prepaid expense	(346)	(29)
Accounts receivable	(4,310)	-
Accounts payable	-	(200)
Accrued compensation	1,790	(209)
Other liabilities	<u>13,171</u>	<u>4,074</u>
Net Cash Flows from Operating Activities	<u>67,380</u>	<u>17,113</u>
Net Change in Cash and Cash Equivalents	67,380	17,113
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>33,505</u>	<u>16,392</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 100,885</u>	<u>\$ 33,505</u>
Supplemental cash flow disclosures		
Cash paid for income taxes	\$ 2,513	\$ 2,378

See accompanying notes to financial statements.

FAIRBRIDGE SECURITIES CORPORATION
(A Wholly-Owned Subsidiary of BJG Management, Inc.)

NOTES TO FINANCIAL STATEMENTS
December 31, 2001 and 2000

NOTE 1 - Summary of Significant Accounting Policies

Nature of Operations

Fairbridge Securities Corporation is a Wisconsin corporation formed on March 2, 1977 for the purposes of conducting business as a broker/dealer in securities.

Cash and Cash Equivalents

The company defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

Reserves and Custody of Securities

For transactions in mutual fund shares and variable annuity products, the Company operates under the provisions of paragraph (k)(2)(i) of Rule 15c3-3 of the Securities and Exchange Commission. Among other items, (k)(2)(i) requires that the Company carry no margin accounts, that it promptly transmits all customers funds and securities and does not otherwise hold customer funds or securities or perform custodial services for customers, and that it effectuates all such transactions through a special bank account for the exclusive benefit of its customers.

With respect to all other securities transactions, the Company operates under the provisions of paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities and Exchange Commission. Essentially, the requirements of paragraph (k)(2)(ii) provide that the Company clear all transactions on behalf of customers on a fully-disclosed basis with a clearing broker-dealer and will receive, but not hold customer securities for delivery. The clearing broker-dealer carries all of the accounts of the customers, or maintains and preserves all related books and records as are customarily kept by a clearing broker-dealer.

Because the Company operates under the above rules, it is exempt from the remaining provisions of Rule 15c3-3.

Commission Revenue

The Company recognizes revenue at the time applications are completed and submitted. Transactions involving registered traded securities are processed through a clearing broker-dealer and commissions are recorded on a trade date basis.

Income Taxes

The Company is included in the consolidated federal income tax return of its parent company. The parent company allocates the consolidated provision for federal income taxes on a separate return equivalent basis.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAIRBRIDGE SECURITIES CORPORATION

(A Wholly-Owned Subsidiary of BJK Management, Inc.)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE 2 - Related Party Transactions

The Company has a management agreement with the parent company's sole shareholder. Under this agreement, the Company is provided certain management and administrative services by personnel of the holding company. There were no management fees were for the year ended December 31, 2001. Management fees were \$30,000 for the year ended December 31, 2000.

At December 31, 2001, the Company has accounts payable to entities related by common ownership of \$2,296. At December 31, 2000, the Company has accounts payable of \$4,928 to entities related by common ownership.



**Virchow Krause
& company**

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL FINANCIAL INFORMATION

To the Board of Directors
Fairbridge Securities Corporation
Milwaukee, Wisconsin

We have audited the accompanying financial statements of Fairbridge Securities Corporation (a wholly-owned subsidiary of BJG Management, Inc.), as of and for the years ended December 31, 2001 and 2000, and have issued our reports thereon dated February 1, 2002 and January 25, 2001, respectively. Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental financial information contained in Schedule I 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 subject 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.

Milwaukee, Wisconsin
February 1, 2002

Virchow, Krause & Company, LLP

FAIRBRIDGE SECURITIES CORPORATION
(A Wholly-Owned Subsidiary of BJB Management, Inc.)

COMPUTATION OF AGGREGATE INDEBTEDNESS AND NET CAPITAL UNDER RULE 15c3-1
Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
AGGREGATE INDEBTEDNESS		
Income taxes payable	17,014	1,213
Accrued compensation	1,790	-
Other liabilities	<u>2,296</u>	<u>4,928</u>
 Total Aggregate Indebtedness	 <u>\$ 21,100</u>	 <u>\$ 6,141</u>
 Minimum required net capital	 <u>\$ 5,000</u>	 <u>\$ 5,000</u>
NET CAPITAL		
Stockholders equity	\$ 84,705	\$ 27,630
Deduct:		
Prepaid expense	<u>(445)</u>	<u>(101)</u>
 Net Capital	 <u>\$ 84,260</u>	 <u>\$ 27,529</u>
 Minimum required net capital	 <u>(5,000)</u>	 <u>(5,000)</u>
 Capital in excess of minimum requirement	 <u>\$ 79,260</u>	 <u>\$ 22,529</u>
 Ratio of aggregate indebtedness to net capital	 <u>0.25 to 1</u>	 <u>0.23 to 1</u>

There are no differences in the computation of aggregate indebtedness and net capital for this report and that of the registrant as filed in Part IIA of Form X-17A-5 at December 31, 2001 and 2000.

See auditors' report on supplemental financial information.



Virchow Krause & company

INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5

Board of Directors
Fairbridge Securities Corporation
Milwaukee, Wisconsin

In planning and performing our audits of the financial statements and supplemental schedule of Fairbridge Securities Corporation (the Company), for the years ended December 31, 2001 and 2000, 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 and 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 (or aggregate debits) 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 conformity with 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 and 2000, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, 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.

Vickow, Krause Company, LLP

Milwaukee, Wisconsin
February 1, 2002