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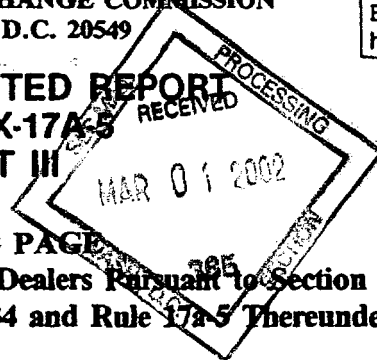


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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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



SEC FILE NUMBER
8-45497

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
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

DIVERSIFIED RESOURCES LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

70 Jefferson Boulevard,

(No. and Street)

Warwick

RI

02888

(City)

(State)

(Zip Code)

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

George E. Wright

(401) 941-1500

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Muto, Vollucci & Co., Ltd.

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

51 Jefferson Boulevard, Suite 400, Warwick

RI

02888

(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 20 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.

12

OATH OR AFFIRMATION

I, George E. Wright, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Diversified Resources LLC, 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:

George E. Wright
Signature
President - Sole Member
Title

Maryanne Magran
Notary Public
m/c/e 6-12-05

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.
- N/A (m) A copy of the SIPC Supplemental Report.
- N/A (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

*Exempt under Rule 15c-3-3(k)2(b) - No customer accounts.

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

Diversified Resources LLC

Financial Statements

**For the Year Ended
December 31, 2001**

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Muto, Vollucci & Co., Ltd.

Certified Public Accountants

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Independent Auditors' Report

George E. Wright, Member
Diversified Resources LLC
70 Jefferson Boulevard, Suite 201
Warwick, RI 02888

We have audited the accompanying balance sheet of Diversified Resources LLC as of December 31, 2001, and the related statements of changes in member's capital, income, and cash flows for the year 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 audit.

We conducted our audit 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 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 Diversified Resources LLC at December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Muto, Vollucci & Co., Ltd.
MUTO, VOLLUCCI & CO., LTD.

February 28, 2002

Diversified Resources LLC
Balance Sheet
December 31, 2001

Assets

	<u>ALLOWABLE</u>	<u>NON- ALLOWABLE</u>	<u>TOTAL</u>
Cash	\$ 15,895	\$	\$ 15,895
12b(1) fees receivable		6,744	6,744
Commissions receivable	2,429		2,429
Management fees receivable (Note 4)		73,706	73,706
Investments	4,721	59,283	64,004
Equipment, net of \$5,021 in accumulated depreciation	0		0
Organization costs, net of \$200 in accumulated amortization	800		800
	<u>800</u>		<u>800</u>
Total assets	<u>\$ 23,845</u>	<u>\$139,733</u>	<u>\$163,578</u>

Liabilities and Member's Capital

Liabilities:			
Accrued expenses	\$ 5,353		\$ 5,353
Employee withholdings	645		645
	<u>5,998</u>		<u>5,998</u>
Total liabilities	<u>5,998</u>		<u>5,998</u>
Member's capital (Note 3)	<u>17,847</u>	<u>139,733</u>	<u>157,580</u>
Total liabilities and member's capital	<u>\$23,845</u>	<u>\$139,733</u>	<u>\$163,578</u>

See independent auditors' report
and accompanying notes.

Diversified Resources LLC
Statement of Changes in Member's Capital
For the Year Ended December 31, 2001

Member's capital, beginning of the period	\$173,346
Net income	290,772
Add: capital contributions	12,047
Less: member's draw	<u>318,585</u>
Member's capital, end of the period	<u>\$157,580</u>

See independent auditors' report
and accompanying notes.

Diversified Resources LLC
Statement of Income
For the Year Ended December 31, 2001

Revenue:	
Securities commissions	\$ 39,029
Management fees	293,106
Insurance products commissions	62,957
Loss on investments (Note 1)	(964)
Dividend income	<u>95</u>
Total revenue	394,223
Expenses:	
Advertising	753
Amortization	200
Automobile expenses	6,144
Charitable contributions	310
Depreciation	5,021
Employee benefits	4,038
Entertainment	4,505
Licenses, registrations and dues	4,431
Member's medical benefits	4,018
Office expenses	9,234
Payroll	29,750
Payroll taxes	5,529
Postage and overnight delivery	1,436
Professional fees	9,940
Professional liability insurance	4,630
Rent	7,311
Rep commissions	2,237
Telephone	1,756
Utilities	<u>2,208</u>
Total expenses	<u>103,451</u>
Net income	<u>\$290,772</u>

See independent auditors' report
and accompanying notes.

Diversified Resources LLC
Statement of Cash Flows
For the Year Ended December 31, 2001

Cash flows from operating activities:	\$ 290,772
Net income	
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization	200
Depreciation	5,021
Increase (decrease) in cash from changes in assets and liabilities:	
12b(1) fees receivable	1,952
Commissions receivable	(1,907)
Investments	1,015
Organization costs	(1,000)
Management fees receivable	2,308
Commissions payable	(568)
Accrued expenses	4,113
Employee withholdings	645
Total adjustments	<u>11,779</u>
Net cash provided by operating activities	302,551
Net cash used in investing activities:	
Purchase of equipment	(5,021)
Net cash provided by (used in) financing activities:	
Member's distributions	(318,585)
Member's capital contribution	<u>12,047</u>
Net cash used in financing activities	<u>(306,538)</u>
Decrease in cash and cash equivalents	(9,008)
Cash and cash equivalents, beginning of the year	<u>24,903</u>
Cash and cash equivalents, end of the year	<u><u>\$ 15,895</u></u>

See independent auditors' report
and accompanying notes.

**Diversified Resources LLC
Notes to Financial Statements**

1. Business Activity

Operated as a limited liability company organized during the Year 2001 in the State of Rhode Island, the registered broker and dealer in securities limits its operations as described in SEC Rule 15c3-1(a)(2)(vi) (Subscriptions to mutual funds Firm ID No. 031346) along with placement of variable annuities and variable life insurance policies. The financial statements present a combination organization of a broker dealer and a registered investment advisor (see Note 4).

2. Summary of Significant Accounting Policies

Handling Customers' Funds

Customers' checks are made payable directly to the mutual funds ordered by the customer. The checks are promptly submitted to the mutual fund firms, i.e., not held beyond overnight, and do not enter the accounts of the Company. The same procedure is followed with placements of variable annuities and variable life insurance policies to insurance companies.

Revenue Recognition

Commission income is recorded on a trade date basis. Increases and decreases in market value of mutual funds held as investments are recognized as gain and loss on investment when reported.

Income Taxes

Federal income taxes are not payable by, or provided for, the Company. The sole member is taxed individually on the Company's earnings; accordingly, the financial statements do not contain a provision for federal and state income taxes.

Investments

During 2000, the Company purchased NASDAQ common stock and warrants, which are presented at market value on the financial statements.

See independent auditors' report.

**Diversified Resources LLC
Notes to Financial Statements**

3. Net Capital and Reserve Requirements

As a registered broker and dealer in securities, the Company is subject to the Uniform Net Capital Rule (Rule 15c3-1), which requires that the Company maintain minimum net capital of \$5,000 and a ratio of aggregate indebtedness to net capital not exceeding 15 to 1.

At December 31, 2001, the Company had a net capital of \$17,847, which was \$12,847 in excess of its required net capital of \$5,000. At December 31, 2001, the Company's aggregate indebtedness to net capital ratio was .336 to 1.

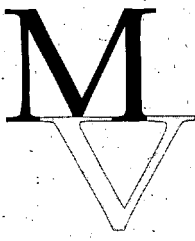
4. Fee Only Services

Since 1993, Diversified Resources LLC has been a Registered Investment Advisor. The Registered Investment Advisor's purpose is to offer fee based asset management to its clients. (See Note 1)

For the period ending December 31, 2001, the Company exclusively used SEI Investments, which offers no load mutual funds in Asset Allocation models. Clients of the Company make their checks payable only to SEI Trust Company. The Company does not accept checks made out to itself, nor does it accept cash.

See independent auditors' report.

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



Muto, Vollucci & Co., Ltd.

Certified Public Accountants

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

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George E. Wright, Member
Diversified Resources LLC
70 Jefferson Boulevard, Suite 201
Warwick, RI 02888

In planning and performing our audit of the financial statements of Diversified Resources LLC for the year ended December 31, 2001, we considered its internal control structure, including, if necessary, 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.

We also made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital. The Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company 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 management 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 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 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 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 on a financial statement 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 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 the Company's practices and procedures were adequate at December 31, 2001, to meet the Commission's objectives.

This report is intended solely for the use of management and the Securities and Exchange Commission and should not be used for any other purpose.


MUTO, VOLLUCCI & CO., LTD.

February 28, 2002