

BB



SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

2314

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

SEC FILE NUMBER  
851985

**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:

Euronet Securities Corporation

OFFICIAL USE ONLY  
FIRM ID. NO.

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

Pedro Teixeira, 8-2

(No. and Street)

Madrid, Spain

28020

(City)

(State)

(Zip Code)

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

Russell Jones

(+34)91 789 2216

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Romeo & Chiaverelli LLC, CPA's

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

1601 Walnut Street - Ste 815

Philadelphia, PA

19102

(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

BB  
3/19

**OATH OR AFFIRMATION**

I, Russell Jones, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Euronet Securities Corp., as of December 31,, ~~XX~~ 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  
 \_\_\_\_\_  
 PRESIDENT  
 \_\_\_\_\_  
 Title

  
 \_\_\_\_\_  
 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~~ 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.

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

# ROMEO & CHIAVERELLI LLC

Certified Public Accountants

Joseph A. Romeo, CPA  
Medford, NJ  
(609) 268-9781

1601 Walnut Street, Suite 815  
Philadelphia, PA 19102  
(215) 569-2113  
FAX (215) 972-0787

Anthony Chiaverelli, CPA  
Horsham, PA  
(215) 542-7544

To The Board of Directors  
Euronet Securities Corp.

In planning and performing our audit of the financial statements and supplemental schedules of Euronet Securities Corp. for the year ended December 31, 2001, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purposes of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17-a-5(g)(1) of the Securities and Exchange Commission (SEC), we made a study of the practices and procedures that we considered relevant to the objectives stated in rule 17-a-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 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 difference required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of the 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 a system of internal accounting control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control 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 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 any 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 may become inadequate because of changes in conditions or that the effectiveness of their design may deteriorate.

Our consideration of internal control would not necessarily disclose all matter 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 purpose 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 SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, and other regulatory agencies which rely on Rule 17-a-5 (9) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, is not to be and should not be used by anyone other than these specified parties.



Romeo and Chiaverelli LLC  
Certified Public Accountants  
February 15, 2002

Euronet Securities Corp.  
Financial Statements  
December 31, 2001

## CONTENTS

	Pages
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Condition, December 31, 2001	2
Statement of Income and Expense for the year ended December 31, 2001	3
Statement of Changes in Stockholders' Equity for the year ended December 31, 2001	4
Statement of Cash Flows for the year ended December 31, 2001	5
Notes to Financial Statements for the year ended December 31, 2001	6
SUPPLEMENTAL INFORMATION:	
Computation for Net Capital under Rule 15c3-1 of the Securities and Exchange Commission as of December 31, 2001	7-9
Computation for Determination of Reserve Requirements under Rule 15c3-3 of the Securities and Exchange Commission as of December 31, 2001	10

# ROMEO & CHIAVERELLI LLC

Certified Public Accountants

Joseph A. Romeo, CPA  
Medford, NJ  
(609) 268-9781

1601 Walnut Street, Suite 815  
Philadelphia, PA 19102  
(215) 569-2113  
FAX (215) 972-0787

Anthony Chiaverelli, CPA  
Horsham, PA  
(215) 542-7544

## Independent Auditors' Report

---

To The Board of Directors  
Euronet Securities Corp.

We have audited the statement of financial condition of Euronet Securities Corp. as of December 31, 2001, and the related statements of income, changes in stockholders' equity, 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 presents fairly, in all material respects, the financial position of Euronet Securities Corp. as of 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements, taken as a whole. The information contained in schedules on pages 7-10 are presented for 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 examination 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.



Romeo and Chiaverelli LLC  
Certified Public Accountants  
February 15, 2002

Euronet Securities Corp.  
Balance Sheet  
December 31, 2001

ASSETS

Assets

Cash and Cash Equivalants	\$53,021.00
Receivables from Broker-Dealers	4,688.96
Investments	33,100.00

Total Assets

\$90,809.96

LIABILITIES AND  
STOCKHOLDER'S EQUITY

Liabilities

Accounts Payable	\$21,560.00
------------------	-------------

Total Liabilities

\$21,560.00

Stockholder's Equity

Common Stock, No Par Value	100.00
Additional Paid In Capital	80,000.00
Retained Deficit	(10,850.04)

Total Stockholder's Equity

69,249.96

Total Liabilities And  
Stockholder's Equity

\$90,809.96

Euronet Securities Corp.  
Statement of Income  
Year Ended December 31, 2001

Twelve Months

REVENUES

Commission Income	\$666,293.56
Interest Income	2,165.37
	<hr/>
Total Revenues	668,458.93
	<hr/>

EXPENSES

Commission Expense	153,746.34
Outside Consultants	6,509.21
Clearing Costs	73,681.39
Communications	248,315.64
Insurance Expense	315.00
Professional fees	137,142.15
Regulatory dues and fees	15,907.39
Other expenses	347.00
	<hr/>
Total Expenses	(644,925.97)
	<hr/>

Net Income	\$23,532.96
	<hr/> <hr/>

Euronet Securities Corp.  
Statement of Changes In Stockholders' Equity  
December 31, 2001

Schedule of Retained Deficit

Beginning Retained Earnings	\$3,817.00
Cash Dividends	(38,200.00)
Net Income	23,532.96
	<hr/>
Retained Deficit	(\$10,850.04)
	<hr/>

Schedule of  
Additional Paid In Capital

Beginning Balance	
Additional Paid In Capital	\$80,000.00
	<hr/>
Additional Paid In Capital	\$80,000.00
	<hr/>

Schedule of Common Stock

Common Stock	
100 shares at no Par Value	\$100.00
	<hr/>
Common Stock	\$100.00
	<hr/>

Total Stockholder's Equity	<u><u>\$69,249.96</u></u>
----------------------------	---------------------------

Euronet Securities Corp.  
Statement of Cash Flows  
Year Ended December 31, 2001

Cash flows from operating activities:		
Net Income		\$23,532.96
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in Receivables Broker-Dealer	10,904.04	
Change in Deposits	51,094.00	
Change in Accounts Payable	4,760.00	
Total adjustments		66,758.04
Net cash provided by operating activities		90,291.00
Cash flows from investing activities:		
Net cash used by investing activities		0.00
Cash flows from financing activities:		
Dividends Paid	(38,200.00)	
Net cash used by financing activities		(38,200.00)
Net change in cash and cash equivalents		52,091.00
Cash and cash equivalents at beginning of year		930.00
Cash and cash equivalents at end of year		\$53,021.00

Euronet Securities Corp.  
Notes To Financial Statements  
December 31, 2001

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization

Euronet Securities Corp. was incorporated in the State of Delaware on August 12, 1999 for the purpose of acting as a broker-dealer. The original name of the Company was Max Advantage Inc. which was changed on July 17, 2000. The Company's primary business is brokerage by retailing corporate OTC and listed equity securities.

Operations

The Company is a securities broker-dealer registered with the Securities and Exchange Commission and a member of the National Association of Securities Dealers, Inc.

Estimates

The preparation of financial statements in conformity with general accepted accounting principles 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. Management believes that the estimates utilized in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Company includes as cash amounts on deposit at banks. The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

NOTE 2 - INCOME TAXES

The Company is an S corporation and does not pay federal or state taxes on its taxable income. Instead, the shareholders are liable for federal and state taxes on the Company's taxable income.

NOTE 3 - INVESTMENTS

Investments represent warrants in the NASDAQ Stock Market Inc. Such amounts are carried at cost, which approximates fair value at December 31, 2001.

NOTE 4 - NET CAPITAL REQUIREMENTS

Pursuant to the Net Capital Provision of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum Net Capital, as defined under such provisions. At December 31, 2001 the Company had a Net Capital of \$33,670, which was \$28,670 in excess of the minimum net capital requirement of \$5,000.

Euronet Securities Corp.  
 COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
 OF THE SECURITIES AND EXCHANGE COMMISSION  
 As of December 31, 2001

NET CAPITAL

Total Stockholders' Equity Qualified for Net Capital		\$ 69,250.
Add: A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		-0-
		<hr/>
Total capital and allowable subordinated liabilities		\$ 69,250.
Deductions and/or charges		
Investments	33,100.	
Deposit	2,478.	
Total Deductions and/or Charges		35,578.
		<hr/>
Net Capital before haircuts		\$ 33,672.
Less: Haircuts		2.
		<hr/>
NET CAPITAL		<u><u>\$ 33,670.</u></u>

Euronet Securities Corp.  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION  
As of December 31, 2001

AGGREGATE INDEBTEDNESS

Items included in statement of financial condition

Total aggregate indebtedness	\$ 21,560.
------------------------------	------------

COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS

Minimum net capital required or \$5,000 if greater	\$ 5,000.
---	-----------

Excess net capital at 1500%	\$ 28,670.
-----------------------------	------------

Excess net capital at 1000%	\$ 31,514.
-----------------------------	------------

Ratio: Aggregate Indebtedness to Net Capital	.64 to 1
--	----------

Euronet Securities Corp.  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION  
As of December 31, 2001

RECONCILIATION WITH COMPANY'S COMPUTATION  
(Included in Part IIA of Form X-17A-5 as of  
December 31, 2001)

Net Capital, as reported in Company's Part IIA (unaudited) FOCUS Report	\$ 39,148.
Net Audit Adjustments	(5,478.)
Net Capital per above (Note-3)	<u>\$ 33,670.</u>

Euronet Securities Corp.

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION

Year Ended December 31, 2001

Euronet Securities Corp. claims an exemption from Rule 15c3-3 based on Section 15c3-3(k)(2)(ii) of the Securities Exchange Act of 1934, because all customer transactions are cleared through another broker-dealer on a fully disclosed basis.