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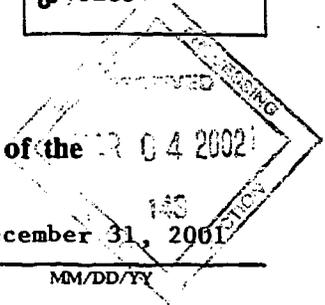
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

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 January 1, 2001 AND ENDING December 31, 2001
MM/DD/YY MM/DD/YY



A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
MMG Financial Services, Ltd. / NY /

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
126 E. 56th Street
(No. and Street)

New York NY 10022
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Wilfred J. Meckel II (212)759-6800
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Miller, Ellin & Company, LLP
(Name - if individual, state last, first, middle name)

750 Lexington Avenue New York NY 10022
(Address) (City) (State) (Zip Code)

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

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FINANCIAL

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*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)

3/20/02 [Signature]

OATH OR AFFIRMATION

I, Wilfred J. Meckel II, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MMG Financial Services, Ltd., 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:

Wilfred J. Meckel
Signature
Sr. Managing Director
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.
- (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).

MMG FINANCIAL SERVICES LTD.

REPORT PURSUANT TO RULE 17a-5

DECEMBER 31, 2001



MillerEllin / company LLP

MMG FINANCIAL SERVICES LTD.

REPORT PURSUANT TO RULE 17a-5

DECEMBER 31, 2001

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MillerEllin / company LLP

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
MMG Financial Services Ltd.
New York, New York**

We have audited the accompanying statement of financial condition of MMG Financial Services Ltd. (a wholly-owned subsidiary of Marquee Millennium Group Ltd.) as of December 31, 2001, and the related statements of operations, changes in stockholder's equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. 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 MMG Financial Services Ltd. 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.


CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
February 25, 2002

MMG FINANCIAL SERVICES LTD.

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2001

ASSETS

| | |
|------------------|-----------------|
| Cash | \$12,285 |
| Prepaid expenses | <u>735</u> |
| | <u>\$13,020</u> |

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

| | |
|--------------------------|--------------|
| Accrued expenses payable | \$ 1,133 |
| Due to parent | <u>2,483</u> |
| | <u>3,616</u> |

CONTINGENCY

STOCKHOLDER'S EQUITY:

| | |
|--|-----------------|
| Common stock - \$.01 par value; authorized, issued and outstanding - 3,000 shares | 30 |
| Additional paid-in capital | 14,109 |
| Accumulated deficit | <u>(4,735)</u> |
| Total stockholder's equity | <u>9,404</u> |
| | <u>\$13,020</u> |

The accompanying notes are an integral part of these financial statements.

MMG FINANCIAL SERVICES LTD.

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2001

| | |
|--|-------------------|
| REVENUE: | |
| Commissions | \$ 630 |
| Interest income | <u>283</u> |
| | <u>913</u> |
| | |
| EXPENSES: | |
| Clearance charges | 225 |
| Insurance | 1,064 |
| Professional fees | 2,545 |
| Other | <u>1,182</u> |
| | <u>5,016</u> |
| | |
| LOSS BEFORE PROVISION FOR INCOME TAXES | (4,103) |
| | |
| PROVISION FOR INCOME TAXES | <u>455</u> |
| | |
| NET LOSS | <u>\$ (4,558)</u> |

The accompanying notes are an integral part of these financial statements.

MMG FINANCIAL SERVICES LTD.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

YEAR ENDED DECEMBER 31, 2001

| | <u>COMMON STOCK</u> | | <u>ADDITIONAL PAID-IN CAPITAL</u> | <u>ACCUMULATED DEFICIT</u> | <u>TOTAL</u> |
|-----------------------------|---------------------------------|---------------|---|--------------------------------|-----------------|
| | <u>NUMBER OF SHARES</u> | <u>AMOUNT</u> | | | |
| BALANCE - January 1, 2001 | 3,000 | \$30 | \$14,109 | \$ (177) | \$13,962 |
| Net loss | <u>-</u> | <u>-</u> | <u>-</u> | <u>(4,558)</u> | <u>(4,558)</u> |
| BALANCE - December 31, 2001 | <u>3,000</u> | <u>\$30</u> | <u>\$14,109</u> | <u>\$(4,735)</u> | <u>\$ 9,404</u> |

The accompanying notes are an integral part of these financial statements.

MMG FINANCIAL SERVICES LTD.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---|-----------------|
| Net loss | \$ (4,558) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | |
| Changes in assets and liabilities: | |
| Prepaid insurance | 1,064 |
| Due from parent | 2,388 |
| Due from clearing broker | 548 |
| Accrued expenses payable | <u>1,133</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>575</u> |
| NET CHANGE IN CASH | 575 |
| CASH - beginning | <u>11,710</u> |
| CASH - ending | <u>\$12,285</u> |

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

| | |
|--------------------------------|--------|
| Cash paid during the year for: | |
| Income taxes | \$ 505 |

The accompanying notes are an integral part of these financial statements.

MMG FINANCIAL SERVICES LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

MMG Financial Services Ltd. (the "Company"), a wholly-owned subsidiary of Marque Millennium Group Ltd. (the "Parent"), is a broker-dealer registered with the Securities and Exchange Commission and a member of the National Association of Securities Dealers, Inc.

The Company, located in New York, New York, introduces all customers' securities business to another broker-dealer on a fully disclosed basis. The clearing and depository operations for the customers' accounts are performed by the clearing broker. Pursuant to an agreement between the Company and its clearing broker, this broker has the right to charge the Company for unsecured losses that result from a customer's failure to complete securities transactions. Marque Millennium Capital Management Ltd., an affiliate, has guaranteed this contract.

Revenue Recognition

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles 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 these estimates.

Income Tax

The Company is included in the consolidated federal income tax return filed by the Parent. The provision for income taxes represents state and local minimum taxes for the Company.

NOTE 2 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital. The Company must maintain minimum net capital, as defined, equal to the greater of \$5,000 or 6-2/3% of aggregate indebtedness, as defined. At December 31, 2001, the Company had net capital of \$8,669 which exceeds the requirement by \$3,669.

MMG FINANCIAL SERVICES LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

NOTE 3 - RELATED PARTY TRANSACTIONS

Marque Millennium Group Ltd. provides, without charge to the Company, all administrative services such as personnel, office space and certain operating expenses.

Commission income earned by the Company was exclusively from securities transactions introduced by Marque Millennium Capital Management Ltd. for Marque Fund I, an investment partnership in which Marque Millennium Capital Management Ltd. serves as a general partner and investment advisor.

NOTE 4 - CONTINGENCY

A former licensor of an investment software program, used exclusively by the Company's parent obtained a bank loan in the amount of \$250,000. The Company's parent guaranteed this loan and has placed \$262,500 in cash at this bank as security against the obligation of the licensor. The Company's parent is currently negotiating with the licensor to repay this bank loan so that the restricted cash will be able to be used for working capital purposes. The Company is serving as a co-guarantor on the \$250,000 with its parent.



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**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION
REQUIRED BY RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION**

**To the Board of Directors
MMG Financial Services Ltd.**

We have audited the financial statements of MMG Financial Services Ltd. (a wholly-owned subsidiary of Marque Millennium Group Ltd.) for the year ended December 31, 2001 and have issued our report thereon dated February 25, 2001. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on page 9 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 Exchange Act of 1934. 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.

CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
February 25, 2001

MMG FINANCIAL SERVICES LTD.

**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION**

AS OF DECEMBER 31, 2001

NET CAPITAL:

| | |
|----------------------------|-----------------|
| Total stockholder's equity | <u>\$ 9,404</u> |
| Deductions and/or charges: | |
| Prepaid expenses | <u>735</u> |

NET CAPITAL \$ 8,669

AGGREGATE INDEBTEDNESS \$ 3,616

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:

| | |
|--|------------------------|
| Minimum net capital (the greater of \$5,000 or 6-2/3% of aggregate indebtedness of \$3,616) | <u><u>\$ 5,000</u></u> |
| Excess net capital | <u><u>\$ 3,669</u></u> |

There are no material differences between the computation of net capital under Rule 15c3-1 reflected above and the computation included in the Company's corresponding unaudited December 31, 2001 Form X-17A-5 Part IIA filing.

See independent auditors' report on supplementary financial data.



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

**To the Board of Directors of
MMG Financial Services Ltd.
New York, New York**

In planning and performing our audit of the financial statements of MMG Financial Services Ltd., (a wholly-owned subsidiary of Marque Millennium Group Ltd.) for the year ended December 31, 2001, we considered its internal control 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.

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 MMG Financial Services Ltd. (the "Company") including tests of compliance with 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 and net capital under rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of rule 15c3-3(e). We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in 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, because the Company does not carry securities 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 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 U.S. 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 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 would not necessarily disclose all matters in the 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 errors 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 the internal control 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 and 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 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 and should not be used by anyone other than these specified parties.

Miller, Elin & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
February 25, 2002

