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

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

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SECTION
WASH. D.C.

SEC FILE NUMBER
35226

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:

The Concord Equity Group, L.L.C.

OFFICIAL USE ONLY
FIRM ID. NO.

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

100 Metro Park South

(No. and Street)

Laurence Harbor

NJ

08878

(City)

(State)

(Zip Code)

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

Lee Argush

(732) 335-0800

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Pirolli, James G. CPA

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

207 Buck Road, Suite 1C

Holland

PA

18966

(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

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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).

AB
3/14/02

OATH OR AFFIRMATION

I, Lee Argush, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of The Concord Equity Group, L.L.C., 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:

Lee Argush
Signature
Financial Principal
Title

Jane R. Edwards
Notary Public
JANE R. EDWARDS
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires June 23, 2002

2/28/02

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.
- (o) Independent Auditor's Report on Internal Accounting Control Structure
Required by SEC Rule 17A-5

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

THE CONCORD EQUITY GROUP, L.L.C.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2001

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Concord Equity Group, L.L.C.
Laurence Harbor, New Jersey

I have audited the accompanying statement of financial condition of The Concord Equity Group, L.L.C. (a Pennsylvania limited liability company) as of December 31, 2001, and the related statements of operations, changes in members' 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Concord Equity Group, L.L.C. at December 31, 2001, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II 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 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



February 22, 2002

THE CONCORD EQUITY GROUP, L.L.C.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2001

ASSETS

Cash	\$415,381
Funds held in accounts with clearing broker	303,199
Receivables from broker-dealers	75,720
Fixed assets, less accumulated depreciation of \$1,554	851
Security owned	1,880
Employee advances	<u>2,000</u>
	<u>\$799,031</u>

LIABILITIES AND MEMBERS' EQUITY

Commissions payable	\$412,960
Accounts payable and accrued expenses	<u>105,580</u>
Total liabilities	518,540
Members' equity	<u>280,491</u>
	<u>\$799,031</u>

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

THE CONCORD EQUITY GROUP, L.L.C.
STATEMENT OF OPERATIONS AND MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2001

REVENUE

Commission income	\$ 7,714,260
Other income	1,968,962
Interest income	<u>412,626</u>
Total revenue	<u>10,095,848</u>

EXPENSES

Commission expense	5,422,266
Communication expense	174,934
Registrations	292,700
Employee compensation and benefits	2,656,222
Clearing and execution expense	540,375
Other operating expenses	<u>1,092,567</u>
Total expenses	<u>10,179,064</u>

Net loss (83,216)

MEMBERS' EQUITY, beginning of year 283,707

CAPITAL CONTRIBUTIONS BY MEMBER 80,000

MEMBERS' EQUITY, end of year \$ 280,491

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

THE CONCORD EQUITY GROUP, L.L.C.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$ (83,216)
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation	343
(Increase) decrease in	
Funds held in accounts with clearing broker	92,147
Receivables from other broker-dealers	(43,386)
Deposits with clearing broker	165,803
Security owned	(1,880)
Increase (decrease) in	
Accounts payable and accrued expenses	(35,812)
Commissions payable	<u>92,583</u>
Cash provided by operating activities	<u>186,582</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Capital contributions by member	<u>80,000</u>
Cash provided by investing activities	<u>80,000</u>
Increase in cash	266,582
CASH BALANCE, beginning of year	<u>148,799</u>
CASH BALANCE, end of year	<u>\$ 415,381</u>

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

THE CONCORD EQUITY GROUP, L.L.C.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2001

(1) ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Concord Equity Group, L.L.C. was organized on September 22, 1997 in the Commonwealth of Pennsylvania as a Limited Liability Company for the purpose of acting as a broker-dealer. The Company is a continuation of Fidelity Federal Brokerage Corporation, (a Pennsylvania corporation) trading as The Concord Equity Group which was incorporated on June 10, 1975. As a limited liability company, members' liability is limited.

The Company uses a clearing broker-dealer for all customer transactions.

Significant Accounting Policies

Basis of Presentation

The Company maintains its books and records on the accrual basis of accounting.

Revenue Recognition

The company records customers' securities transactions when the transactions are traded (trade date basis).

Cash

For purposes of the statement of cash flows, the Company includes as cash amounts on deposit at banks. The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Furniture and Equipment

Furniture and equipment are recorded at cost. Depreciation is computed using the straight-line method based on an estimated life of five years. For 2001, depreciation expense amounted to \$343.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expense during the reported period. Actual results could differ from those estimates.

THE CONCORD EQUITY GROUP, L.L.C.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2001

(2) NET CAPITAL REQUIREMENT

Pursuant to the Net Capital Provision of Rule 15c3-1 of the Securities and Exchange Act of 1934 (15c3-1), the Company is required to maintain a minimum "net capital," as defined under such provisions. The rule requires that "aggregate indebtedness," as defined, shall not exceed fifteen times "net capital," as defined, and that minimum "net capital" must be at least \$50,000. At December 31, 2001 the Company had net capital of \$277,358 which was \$227,358 in excess of its minimum net capital requirement of \$50,000. The Company's net capital ratio was 1.87 to 1.

(3) INCOME TAXES

As a limited liability company, the company does not pay federal or state taxes on its taxable income. Instead, the members are liable for federal and state taxes on the Company's taxable income.

(5) RELATED PARTY TRANSACTIONS

The majority shareholder of the Company is American Capital Acquisition Partners, L.L.C.(ACAP). Concord Equity Group, L.L.C. and American Capital Acquisition Partners, L.L.C. are under common control. The Company leases its office space under a sub-lease arrangement with ACAP and pays to ACAP an allocated portion of the utilities, technology and telecommunication costs of the office. In 2001 these payments totaled \$810,617. At December 31, 2001, the Company had an outstanding balance due to ACAP of \$64,730.

(6) SPECIAL ACCOUNT FOR EXCLUSIVE BENEFIT OF CUSTOMERS

The Company is exempt from the provisions of Rule 15c3-3 of the Securities and Exchange Act of 1934 and therefore, among other things, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers," since it meets the requirement of Rule 15c3-3(k)(2)(a) and does not carry security accounts for customers or perform custodial functions relating to customer securities.

(7) CONCENTRATION OF CREDIT RISK

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event that counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the company's policy to review, as necessary, the credit standing of each counterparty.

THE CONCORD EQUITY GROUP, L.L.C.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2001

(8) EMPLOYEE BENEFIT PLANS

The Company maintains a retirement plan under Section 401(k) of the internal revenue code. The plan permits employees of age 18 and over with three months of employment to participate in the plan. The plan permits tax-deferred contributions to the plan by salary reductions up to the lesser of 15% of compensation or the applicable limit established by the Internal Revenue Service. The Company may make discretionary contributions to the plan and may make discretionary profit sharing plan contributions on behalf of each employee who completed 1000 hours of service. No employer contributions were made in 2001.

In addition, the Company maintains a benefit plan under Section 125 of the Internal Revenue Code.

Schedule I

THE CONCORD EQUITY GROUP, L.L.C.

COMPUTATION OF NET CAPITAL REQUIRED AND AGGREGATE INDEBTEDNESS

UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2001

NET CAPITAL

Total members' equity qualified for net capital		\$280,491
Deductions and/or charges		
Nonallowable assets:		
Furniture and equipment less accumulated depreciation	\$ 851	
Employee advances	<u>2,000</u>	
Total nonallowable assets		<u>(2,851)</u>
Net capital before haircut		\$ 277,640
Haircut on securities		<u>(282)</u>
Net capital		<u>\$ 277,358</u>

AGGREGATE INDEBTEDNESS

Items included in statement of financial condition		
Commissions payable		\$ 85,080
Accounts payable and accrued expenses		<u>433,460</u>
Total aggregate indebtedness		<u>\$518,540</u>

Schedule I (Continued)

THE CONCORD EQUITY GROUP, L.L.C.

COMPUTATION OF NET CAPITAL REQUIRED AND AGGREGATE INDEBTEDNESS

UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2001

COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS

Minimum net capital required or \$50,000 if greater	<u>\$ 50,000</u>
Excess net capital at 1500%	<u>\$227,358</u>
Excess net capital at 1000%	<u>\$225,504</u>
Ratio: aggregate indebtedness to net capital	<u>1.87 to 1</u>

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	<u>\$277,358</u>
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THE CONCORD EQUITY GROUP, L.L.C.
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
UNDER RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2001

The Concord Equity Group, L.L.C. claims an exemption from Rule 15c3-3 based on Section 15c3-3 (k)(2)(ii) who, as an introducing broker or dealer, clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, and who promptly transmits all customers' funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Rules 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer. The clearing broker is Bank of New York.

INFORMATION RELATING TO POSSESSION
OR CONTROL REQUIREMENTS
UNDER RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2001

The Concord Equity Group, L.L.C. claims an exemption from Rule 15c3-3 based on Section 15c3-3(k)(2)(ii) who as an introducing broker or dealer, clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, or who promptly transmits all customer funds and securities to the clearing broker or dealer, which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Rule 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer.

JAMES G. PIROLI
CERTIFIED PUBLIC ACCOUNTANT

TEL (215) 364-8016
FAX (215) 364-6381

207 BUCK ROAD • SUITE 1C
HOLLAND, PENNSYLVANIA 18966

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

STRUCTURE REQUIRED BY SEC RULE 17A-5

To the Board of Directors
The Concord Equity Group, L.L.C.
Laurence Harbor, New Jersey

In planning and performing my audit of the financial statements and supplemental schedules of Concord Equity Group, L.L.C. (the Company) for the year ended December 31, 2001, I considered its internal control, including control activities for safeguarding securities, in order to determine my auditing procedures for the purposes of expressing my 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), I made a study of the practices and procedures that I considered relevant to the objectives stated in the 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, I 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 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 may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

My 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, I noted no matters involving internal control, including control activities for safeguarding securities, that I consider to be material weaknesses as defined above.

I 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 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 my study, I 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, the National Association of Securities Dealers, and other regulatory agencies that rely on Rule 17-a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not to be and should not to be used by anyone other than these specified parties.

A handwritten signature in cursive script, reading "James G. Quilli". The signature is written in dark ink and is positioned to the right of the main text block.

February 22, 2002