

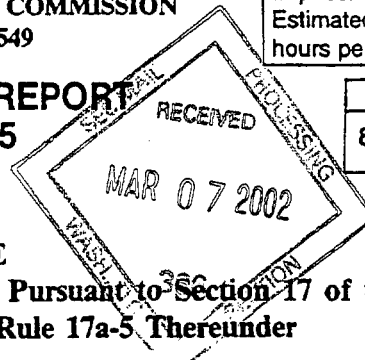
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

OMB APPROVAL
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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:

G EQUITY INVESTMENT GROUP, LTD.

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

20 N. CLARK STREET, SUITE 2550

(No. and Street)

CHICAGO

(City)

ILLINOIS

(State)

60602

(Zip Code)

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

PHILLIP C. GOLDSTICK

312-782-3280

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

WELTMAN KATZ MIKELL & NECHTOW, LTD.

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

450 SKOKIE BLVD., SUITE 507

(Address)

NORTHBROOK

(City)

ILLINOIS

(State)

60062

Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

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THOMSON
FINANCIAL

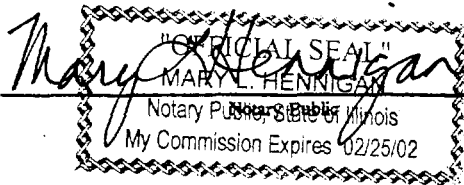
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant
must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

3/22/02
SS

OATH OR AFFIRMATION

I, PHILLIP C. GOLDSTICK, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of G EQUITY INVESTMENT GROUP, LTD., as of DECEMBER 31, ~~2000~~ 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



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).

G EQUITY INVESTMENT GROUP, LTD.

FINANCIAL STATEMENTS

DECEMBER 31, 2001

G EQUITY INVESTMENT GROUP, LTD.

FINANCIAL STATEMENTS

DECEMBER 31, 2001

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WELTMAN KATZ MIKELL & NECHTOW, LTD.

CERTIFIED PUBLIC ACCOUNTANTS
450 SKOKIE BOULEVARD • SUITE 507
NORTHBROOK, ILLINOIS 60062-7913

(847) 564-7600
FAX (847) 564-7609

INDEPENDENT AUDITORS' REPORT

February 13, 2002

Board of Directors
G Equity Investment Group, Ltd.
Chicago, Illinois

We have audited the balance sheet of G Equity Investment Group, Ltd. 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 present fairly, in all material respects, the financial position of G Equity Investment Group, Ltd. at December 31, 2001, the results of its operations and the changes in its financial position for the year then ended, and in conformity with accounting principles generally accepted in the United States of America applied on a basis consistent with that of the preceding year.

Respectfully submitted,


WELTMAN KATZ MIKELL & NECHTOW, LTD.

G EQUITY INVESTMENT GROUP, LTD.
BALANCE SHEET
DECEMBER 31, 2001

SEE INDEPENDENT AUDITORS' REPORT

ASSETS

Current Assets		
Cash and cash equivalents	\$ 20,758	
Cash - customer funds	609	
Accounts receivable - brokers	92	
Investments	<u>43,151</u>	
Total Current Assets		\$ 64,610
Property and Equipment (Note 1)		
Equipment	33,523	
Less: Accumulated depreciation	<u>(29,413)</u>	
Property and equipment - Net		<u>4,110</u>
Total Assets		<u>\$ 68,720</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Customer funds	\$ 609	
Accrued expenses	3,786	
Deferred income taxes (Note 1)	<u>---</u>	
Total Current Liabilities		\$ 4,395
Stockholders' Equity		
Capital stock (5,000 no par common shares authorized; 2,500 issued and outstanding)	2,500	
Paid-in-capital	22,500	
Retained earnings	<u>39,325</u>	
Total Stockholders' Equity		<u>64,325</u>
Total Liabilities And Stockholders' Equity		<u>\$ 68,720</u>

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

G EQUITY INVESTMENT GROUP, LTD.
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2001

SEE INDEPENDENT AUDITORS' REPORT

Revenues		
Commissions	\$ 266,216	
Due Diligence fees	1,050	
Investment income	7,491	
Other	<u>3,638</u>	
Total Revenue		\$ 278,395
Expenses		
Commissions	57,276	
Regulatory fees and expenses	4,951	
Rent	24,000	
Communications	8,378	
Consulting and professional fees	146,617	
Other operating expenses	23,103	
Depreciation expense	<u>4,425</u>	
Total Expense		<u>268,750</u>
Income before income taxes		9,645
Income tax expense (refund)		
Current		---
Deferred		<u>---</u>
Net Income		<u>\$ 9,645</u>
Earnings (Loss) Per Share of Common Stock		<u>\$ 3.86</u>

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

G EQUITY INVESTMENT GROUP, LTD.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2001

SEE INDEPENDENT AUDITORS' REPORT

	<u>Common Shares</u>	<u>Stock Amount</u>	<u>Paid In Capital</u>	<u>Retained Earnings</u>
Balances - Beginning of Year	2,500	\$ 2,500	\$ 22,500	\$ 29,690
Net Income (Loss)	<u>---</u>	<u>---</u>	<u>---</u>	<u>9,645</u>
Balances - End of Year	<u>2,500</u>	<u>\$ 2,500</u>	<u>\$ 22,500</u>	<u>\$ 39,325</u>

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

G EQUITY INVESTMENT GROUP, LTD.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001

SEE INDEPENDENT AUDITORS' REPORT

Cash Flows from Operating Activities	
Net income	\$ 9,645
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation expense	4,425
Unrealized gain on investments	(7,037)
(Increase) Decrease in	
Accounts receivable	2,802
Prepaid income taxes	1570
Increase (Decrease) in	
Accrued expenses	<u>(1,853)</u>
Net Cash Provided by Operating Activities	<u>\$ 9,552</u>
Cash Flows from Investing Activities	
Increase in investments	<u>(118)</u>
Net Cash Provided by Investing Activities	<u>(118)</u>
Net (Decrease) in Cash and Cash Equivalents	9,434
Cash and Cash Equivalents - Beginning of Year	<u>11,324</u>
Cash and Cash Equivalents - End of Year	<u>\$ 20,758</u>

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

G EQUITY INVESTMENT GROUP, LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

1. SIGNIFICANT ACCOUNTING POLICIES

Description of Business Operations

The Corporation is a broker-dealer of investment products sold to customers in North America.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds in the Company's checking and money market accounts.

Investments

At December 31, 2001, the Company maintained positions in several publicly traded mutual funds. The cost basis of the mutual funds at December 31, 2001, was \$30,945 and unrealized gains on the mutual funds through December 31, 2001, totaled \$8,906.

In addition, during 2000 the Company invested \$3,300 to purchase 300 shares of The Nasdaq Stock Market, Inc. At December 31, 2001 this investment was valued at its original cost.

Income Taxes

The Corporation is taxed as a regular corporation. At December 31, 2001, no deferred income taxes were recognized as a result of the differences in timing in reporting income for financial statement and income tax purposes.

Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Property and Equipment:

Property and equipment is stated at cost. Depreciation expense is provided for in an amount sufficient to relate the cost of the assets over their estimated useful lives. Depreciation is being computed under the straight-line method.

G EQUITY INVESTMENT GROUP, LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

2. NET CAPITAL REQUIREMENTS

The Corporation is subject to the Securities and Exchange Commission Uniform Net Capital Rule which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2001, the Corporation had net qualified capital of \$50,758 which was \$25,758 in excess of its required net capital of \$25,000. The Corporation's aggregate indebtedness to net capital ratio was .09 to 1.

3. EARNINGS PER SHARE

Earnings per share of common stock were computed by dividing net income by the average number of common shares outstanding for the year (2,500 shares).

4. RELATED PARTY TRANSACTIONS

Expenses include \$166,273 paid to Phillip C. Goldstick and Associates, Ltd. and Philip C. Goldstick, which are affiliated by reason of common ownership, for reimbursement for employee services, office, legal, rent, consulting fees and other expenses.

SUPPLEMENTARY INFORMATION

WELTMAN KATZ MIKELL & NECHTOW, LTD.

CERTIFIED PUBLIC ACCOUNTANTS
450 SKOKIE BOULEVARD • SUITE 507
NORTHBROOK, ILLINOIS 60062-7913

(847) 564-7600
FAX (847) 564-7609

SUPPLEMENTARY INFORMATION REQUIRED
BY SEC. RULE 17a-5

February 13, 2002

Board of Directors
G Equity Investment Group, Ltd.
Chicago, Illinois

We have audited the financial statements of G Equity Investment Group, Ltd. for the year ended December 31, 2001 and have issued our report thereon dated February 13, 2002. Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II and III on the following pages 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 subjected to the auditing procedures applied to 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.

Respectfully submitted,

Welman Katz Mikell & Nechtow, Ltd.
WELTMAN KATZ MIKELL & NECHTOW, LTD.

SCHEDULE I

G EQUITY INVESTMENT GROUP, LTD.
COMPUTATION OF NET CAPITAL UNDER RULE 15C-3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2001

Net Capital

Total stockholders' equity qualified for net capital \$ 64,325

Nonallowable Assets

Investment in Common Stock \$ 3,300

Property and equipment 4,110

Haircuts on securities (computed where
applicable, pursuant to Rule 15C-1(F)) 6,157

13,567

Net Capital \$ 50,758

Aggregate Indebtedness

Items included in statement of financial condition:

Customer funds 609

Other accounts payable and accrued expenses 3,786

Total Aggregate Indebtedness \$ 4,395

Computation of Basic Net Capital Requirement

Minimum Net Capital Required \$ 293

Minimum Dollar Net Capital Requirement \$ 25,000

Excess Net Capital \$ 25,758

Excess of Net Capital At 1000% \$ 50,318

Ratio: Aggregate Indebtedness to Net Capital = .09 to 1.

SCHEDULE II

G EQUITY INVESTMENT GROUP, LTD.
COMPUTATION OF NET CAPITAL UNDER RULE 15C-3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2001

Reconciliation with Corporation's computation (included
in Part II of Form X-17A-5 as of December 31, 2001)

Net capital as reported in Corporation's Part II (unaudited) \$ 47,946

Net audit adjustments-

Income tax provision 2.812

Net Capital Per Above \$ 50,758

SCHEDULE III

COMPUTATION OF THE RESERVE
REQUIREMENTS UNDER RULE 15C-3-3
OF THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2001

Pursuant to Reg. 240.15C-3-3(k) of the Securities and Exchange Commission, the
Corporation is exempt from the reserve requirement.

WELTMAN KATZ MIKELL & NECHTOW, LTD.

CERTIFIED PUBLIC ACCOUNTANTS
450 SKOKIE BOULEVARD • SUITE 507
NORTHBROOK, ILLINOIS 60062-7913

(847) 564-7600
FAX (847) 564-7609

**REPORT ON INTERNAL CONTROL STRUCTURE
REQUIRED BY SEC RULE 17a-5**

February 13, 2002

Board of Directors
G Equity Investment Group, Ltd.
Chicago, Illinois

In planning and performing our audit of the financial statements of G Equity Investment Group, Ltd. for the year ended December 31, 2001, we considered its internal control structure, including 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.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including test of compliance with such practices and procedures) followed by G Equity Investment Group, Ltd. that we considered relevant to the objectives stated in rule 17a-5(g); (1) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and the reserve required by rule 15c-3-3(e); (2) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13; (3) in complying with the requirements for prompt payment for securities under section 8 of Regulation T of the Board of Governors of the Federal Reserve System; and (4) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15c-3-3.

The management of the Corporation 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 Corporation 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.

G Equity Investment Group, Ltd.
February 13, 2002

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, error 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 or irregularities 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 structure, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objective referred to in the second paragraph of this report are considered by the Commission 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 objective in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Corporation's practices and procedures were adequate at December 31, 2001 to meet the Commission's objectives.

Respectfully submitted,

Welman Katz Mikell & Nechtow, Ltd
WELTMAN KATZ MIKELL & NECHTOW, LTD,