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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

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 01/01/00 (MM/DD/YY) AND ENDING 12/31/01 (MM/DD/YY)

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

PROSPERO CAPITAL, LLC

OFFICIAL USE ONLY

FIRM ID. NO.

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

265 POST ROAD WEST
(No. and Street)

(City)	(State)	(Zip Code)
WESTPORT	CONNECTICUT	06880

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

DANIEL J. DONOVAN (203) 454-5616
(Area Code-Telephone No.)

A. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT (Whose opinion is contained in this Report)

PROCESSED
MAR 26 2002
THOMSON FINANCIAL

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

COHEN, BURGER, SCHWARTZ & SAX, LLC

(Address)	(City)	(State)	(Zip Code)
2228 BLACK ROCK TURNPIKE	FAIRFIELD	CONNECTICUT	06432

CHECK ONE:

- [x] Certified Public Accountant
- [ ] Public Accountant
- [ ] Accountant not resident in United States …

3/22/02

PROSPERO CAPITAL, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2001

Oath or Affirmation

I, Daniel J. Donovan, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statements pertaining to the firm of Prospero Capital, LLC, as of December 31, 2001, are true and correct. I further swear (or affirm) that neither the Company nor any member, proprietor, principal officer, or director has any proprietary interest in any account classified solely as that of a customer.

Signature

Managing Member
Title

Subscribed and sworn
to before me
this 4th day of March 2002

Notary Public

My commission expires

April 30, 2006

[illegible] A. [illegible]
Notary Public,
State of Connecticut
My Commission Expires
April 30, 2006

This report contains:

x	(a)	Facing page
x	(b)	Statement of financial condition
x	(c)	Statement of income (loss)
x	(d)	Statement of cash flows
x	(e)	Statement of changes in member's capital
o	(f)	Statement of changes in liabilities subordinated to claims of general creditors
x	(g)	Computation of net capital for brokers and dealers pursuant to Rule 15c3-1
o	(h)	Computation for determination of reserve requirements pursuant to Rule 15c3-3
o	(i)	Information relating to the possession or control requirements for brokers and dealers under Rule 15c3-3
x	(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
o	(k)	A reconciliation between the audited and unaudited statements of financial condition with respect to methods of consolidation
x	(l)	An oath or affirmation
o	(m)	A copy of the SIPC supplemental report
o	(n)	A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit
x	(o)	Independent auditor's report on internal accounting control
o	(p)	Schedule of segregation requirements and funds in segregation-customer's regulated commodity futures account pursuant to Rule 171-5

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Cohen, Burger, Schwartz & Sax, LLC Certified Public Accountants & Business Consultants

Edward P. Burger, CPA
Stephen B. Cohen, CPA
Lawrence A. Sax, CPA
Irving B. Schwartz, CPA

Members of the:
American Institute of Certified Public Accountants

Connecticut Society of Certified Public Accountants

Independent Auditor's Report

To The Member
Prospero Capital, LLC
Westport, Connecticut 06880

We have audited the accompanying statement of financial condition of Prospero Capital, LLC (the Company) as of December 31, 2001, and the related statements of income, changes in member'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 Prospero Capital, LLC at December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I, 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 15c3-1 under 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.

Cohen, Burger, Schwartz + Sax, LLC

Cohen, Burger, Schwartz & Sax, LLC
Fairfield, Connecticut

February 21, 2002

Prospero Capital, LLC
Statement of Financial Condition
December 31, 2001

Assets

Cash	$ 8,144
Organization Costs, at cost, less accumulated amortization of $1,934	4,513
Total Assets	$ 12,657

Liabilities and Member's Equity

Liabilities:	
Accrued Expenses	$ 2,590
Member's Equity:	
Capital	10,067
Total Liabilities & Member's Equity	$ 12,657

Prospero Capital, LLC
Statement of (Loss)
For the Year Ended December 31, 2001

Revenues:	
Interest Income	$ 97
	97
Expenses:	
Amortization	1,289
Professional Fees	8,190
Dues	971
Insurance	300
	10,750
Net Loss	$(10,653)

Prospero Capital, LLC
Statement of Cash Flows
For the Year Ended December 31, 2001

Cash Flows from Operating Activities:	
Net Loss	$ (10,653)
Adjustments to reconcile net loss to net cash used in operating activities:	
Amortization	1,289
Change in Assets and Liabilities	
Increase in Accrued Expenses	2,090
Net Cash Used in Operating Activities	(7,274)
Cash Flows from Financing Activities:	
Proceeds from Capital Contributions	7,371
Net Cash Provided by Financing Activities	7,371
Increase in Cash	97
Cash at beginning of the year	8,047
Cash at the end of the year	$ 8,144

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

	Member's Capital
Balance at January 1, 2001	$ 13,349
Net Loss for Period	(10,653)
Capital Contributions	7,371
Balance at December 31, 2001	$ 10,067

The accompanying notes are an integral part of these financial statements

Prospero Capital, LLC
Notes to Financial Statements
For the Year Ended December 31, 2001

Note 1–Organization and Nature of Business:

Prospero Capital, LLC (a Limited Liability Company) was organized in the State of Connecticut on June 21, 2000 and had not begun operations as of December 31, 2001. The Company is a broker/dealer registered with the Security and Exchange Commission and is a member of the National Association of Security Dealers. The Company will be primarily engaged in the private placement of securities.

Note 2–Significant Accounting Policies:

Cash and Cash Equivalents:
The Company considers all highly liquid investments with a maturity of six months or less when purchased to be cash equivalents.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Amortization
Intangible assets, which consist of Company organization costs, are being amortized on the straight-line method over five years. Amortization expense for the year ended December 31, 2001 was $1,289.

Income Taxes
The Company is a Single Member Limited Liability Company. Therefore, no provisions for Federal or Connecticut State Income Taxes will be made by the Company. The Single Member of a Limited Liability Company is individually taxed on the Company's earnings.

Note 3-Related Party Transactions
Certain of the Company's expenses have been paid directly by its member. The transactions have been recorded as capital contributions. For the year ended December 31, 2001, capital contributions were $7,371.

Note 4-Accrued Expenses
Accrued expenses are comprised of professional fees. For the year ended December 31, 2001 amounts accrued were $2,590.

SUPPLEMENTARY INFORMATION

SCHEDULE I

Prospero Capital, LLC
Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission
As of December 31, 2001

Net capital		
Total consolidated member's equity		$ 10,067
Deduct member's equity not allowable for net capital		-
Total member's equity qualified for net capital		10,067
Add:		
Subordinated borrowings allowable in computation of net capital		-
Other (deductions) or allowable credits-deferred income taxes payable		-
Total capital and allowable subordinated borrowings		10,067
Deduction and/or charges:		
Nonallowable assets:		
Other assets		4,513
Net capital		$ 5,554
Aggregate indebtedness		
Items included in consolidated statement of financial Condition:		
Other accounts payable and accrued expenses		-
Items not included in consolidated statement of Financial condition:		
Other unrecorded amounts		-
Total aggregate indebtedness		-
Computation of basic net capital requirement		
Minimum net capital required:		
Company		5,000
Total		5,000
Reconciliation with Company's computation (included in Part II of Form X-17A-5 as of December 31, 2001)		
Net capital, as reported in Company's Part II (unaudited) FOCUS report		$ 7,627
Accrued expenses erroneously excluded from Focus report	$(2,090)	
Other items net	17	(2,073)
Net capital per above		$ 5,554

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Managing Member
Prospero Capital, LLC

In planning and performing our audit of the financial statements of Prospero Capital, LLC (the Company), 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 purpose of expressing our opinion on the financial statements and not to provide assurance on 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 the Company including tests of 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 (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the 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 differences required by rule 17a-13

3. 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

The management of the Company is responsible for establishing and maintaining 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 they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our 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 the 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 purposes in accordance with the Security 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 managing member, 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 to be and should not be used by anyone other than these specified parties.

Cohen, Burger, Schwartz + Sax, LLC

Cohen, Burger, Schwartz & Sax, LLC
Fairfield, CT
February 21, 2002