

SECURI



MISSION

02021679

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

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

SEC FILE NUMBER
8- 27752

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

FU 9/27/02

REPORT FOR THE PERIOD BEGINNING 6/01/2001 AND ENDING 5/31/2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

EAGLE EQUITIES, INC.

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

400 CRAIN HIGHWAY, S.W.

(No. and Street)

GLEN BURNIE

MD

21061

(City)

(State)

(Zip Code)

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

JOAN M. SMITH

410-760-6098

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KORWEK & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

1113 ODENTON ROAD

ODENTON

MD

21113-1606

(Address)

(City)

(State)

Zip Code)

CHECK ONE:

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

PROCESSED

OCT 02 2002

FOR OFFICIAL USE ONLY

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)

OATH OR AFFIRMATION

I, JOAN M. SMITH, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of EAGLE EQUITIES, INC., as of MAY 31, 19 2002, 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:

Joan M. Smith
Signature
President
Title

Rosemary H. Volkman
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.

(amended NOTE B to financial)

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

EAGLE EQUITIES, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2002 AND 2001

NOTE B - EXEMPTION FROM RULE 15c3-3

The Company is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers" customarily referred to as the Reserve Bank Account because the Company is exempt from SEC Rule 15c3-3 under the sub-paragraph (k)(2)(ii) of that regulation because it is an introducing broker-dealer and clears all transactions for customers on a fully disclosed basis with a clearing firm.

NOTE C - COMMISSIONS RECEIVABLE

Management believes that the Company's commissions receivable are collectible at May 31, 2002 and 2001, respectively, and accordingly, no allowance for doubtful receivables is required.

NOTE D - MARKETABLE SECURITIES

The cost, carrying value and approximate market value of available for sale marketable securities as of May 31, 2002 and 2001, are as follows:

	<u>2002</u>	<u>2001</u>
Marketable securities, at cost	\$ 66,465	\$ 64,616
Valuation allowance	<u>(21,022)</u>	<u>(15,821)</u>
Market and carrying value	\$ <u>45,443</u>	\$ <u>48,795</u>

NOTE E - PROPERTY AND EQUIPMENT

Major classifications of property and equipment and the related accumulated depreciation are as follows:

	<u>2002</u>	<u>2001</u>
Furniture, Fixtures & Equipment	\$ 84,275	\$ 77,096
Leasehold improvements	<u>17,512</u>	<u>17,512</u>
	101,787	94,608
Less: Accumulated depreciation	<u>79,374</u>	<u>69,741</u>
	\$ <u>22,413</u>	\$ <u>24,867</u>

Depreciation and amortization expense for the years ended May 31, 2002 and 2001 amounted to \$ 9,934 and \$10,812, respectively.