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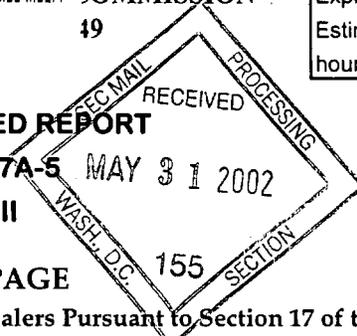
ANNUAL AUDITED REPORT

FORM X-17A-5
PART III

FACING PAGE

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

SEC FILE NUMBER
8- 49791



FD 6/9/02

REPORT FOR THE PERIOD BEGINNING April 1, 2001 AND ENDING March 31, 2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

DUPONT SECURITIES GROUP, INC.

OFFICIAL USE ONLY
FIRM ID. NO.

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

42 BROADWAY, 11TH FLOOR

(No. and Street)

NEW YORK

NEW YORK

10004

(City)

(State)

(Zip Code)

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

RANDY STRAUSBERG

(917) 320-4800

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Bernstein Pinchuk & Kaminsky LLP

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

7 Penn Plaza Suite 830 New York, NY 10001

(Address)

(City)

(State)

CHECK ONE:

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

PROCESSED

JUN 19 2002

THOMSON FINANCIAL

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirements 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 OF AFFIRMATION

I, DAVID W. PARSONS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of **DUPONT SECURITIES GROUP, INC.**, as of

March 31, 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:

David W. Parsons
Signature
PRESIDENT
Title

SHOSHANA R. KALMAN
Notary Public, State of New York
No. 01KA5005583
Qualified in Queens County
Commission Expires Dec. 14, 2002

SKK

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 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 a 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).

DUPONT SECURITIES GROUP, INC.
STATEMENT OF FINANCIAL CONDITION
WITH
INDEPENDENT AUDITORS' REPORT

MARCH 31, 2002

**DUPONT SECURITIES GROUP, INC.
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INDEPENDENT AUDITORS' REPORT

**BERNSTEIN PINCHUK
& KAMINSKY LLP**

Board of Directors and Stockholder
Dupont Securities Group, Inc.

Certified Public
Accountants

Seven Penn Plaza
New York, NY 10001

Tel 212 279-7900
Tel 516 897-7979
Fax 212 279-7901
BPKCPAS@aol.com

We have audited the accompanying statement of financial condition of Dupont Securities Group, Inc. as of March 31, 2002. This financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an 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 statement referred to above present fairly, in all material respects, the financial position of Dupont Securities Group, Inc. as of March 31, 2002, in conformity with generally accepted accounting principles.

Bernstein, Pinchuk & Kaminsky

New York, New York
May 16, 2002

DUPONT SECURITIES GROUP, INC.
STATEMENT OF FINANCIAL CONDITION
MARCH 31, 2002

ASSETS

Current assets:

Cash (Note 2)	\$ 165,858
Cash in brokerage clearing accounts (Note 2)	226,662
Receivable from clearing agents (Note 3)	37,298
Marketable equity securities- at market value (Note 2)	236,457
Government securities- at market value (Notes 2 and 3)	805,076
Loan to investee of stockholder (Note 2)	662
Total current assets	<u>1,472,013</u>

Property and equipment-at cost (Notes 2 and 4)	162,575
Less accumulated depreciation and amortization	(125,423)
	<u>37,152</u>

Other assets-restricted securities-1,460,000 shares Diabetex, Inc.	<u>58,400</u>
	<u>\$ 1,567,565</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:

Accounts payable and accrued expenses	\$ 457,528
Margin and brokerage loan balances	282,079
Commission payable, related party (Note 6)	65,000
Corporation taxes payable	26,971
Securities sold short- at market value (Note 2)	5,278
Total current liabilities	<u>836,856</u>

Commitments (Notes 5 and 7)

Stockholder's equity (Note 6)	
Common stock	1,532,580
Accumulated deficit	(801,871)
Total stockholder's equity	<u>730,709</u>
	<u>\$ 1,567,565</u>

See the accompanying notes to statement of financial condition.

DUPONT SECURITIES GROUP, INC.
NOTES TO STATEMENT OF FINANCIAL CONDITION
MARCH 31, 2002

NOTE 1. ORGANIZATION

Dupont Securities Group, Inc. (the Company) was incorporated in New York on November 7, 1996 to engage in the brokerage business and investment advisory business and has operated as a brokerage since April 10, 1997. On September 21, 1999 the Company was acquired by Wavecount, Inc. for various consideration. On May 17, 2000 Wavecount, Inc. transferred its ownership to a new parent company, Dupont Direct Financial Holdings, Inc. In connection with this acquisition the Company changed its fiscal year from a year ended May 31 to a year ended March 31, to conform with the fiscal year of its parent company.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Dupont Securities Group, Inc. is presented to assist in understanding the Company's financial statements. The financial statements are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Cash and cash equivalents:

Cash and cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less which are not used as collateral.

Marketable equity and government securities:

The Company has adopted Statement of Financial Accounting Standards ("SFAS") Number 115 "Accounting for Certain Investments in Debt and Equity Securities". The Company's investments are classified as "trading securities". Accordingly, securities are carried at market value with any unrealized gains and losses being included in income. Realized gains or losses are computed based on the average cost of the securities sold. Government securities at March 31, 2002 consisted of Treasury bills which are being used as collateral with its clearing broker.

Property and equipment:

Property and equipment are stated at cost. Depreciation is computed over the useful lives of the assets using the straight-line method. Expenditures for repairs and maintenance are charged to operations in the period involved.

Concentrations of credit risk:

Financial instruments that potentially subject the Company to major credit risk consist principally of cash investments. The Company places its cash investments with quality entities to minimize the credit risk.

Income taxes:

The provision for income taxes is computed on the pre-tax income of the Company. Deferred taxes

DUPONT SECURITIES GROUP, INC.
NOTES TO STATEMENT OF FINANCIAL CONDITION
MARCH 31, 2002

result from the future tax consequences associated with temporary differences between the amount of assets and liabilities recorded for tax and financial accounting purposes. The Company files a consolidated federal income tax return with its parent Company and other affiliates but files separate state and local returns. At March 31, 2002 the Company used a net operating loss carryforward of approximately \$15,000 available to reduce taxable income earned through 2020, and used a net operating loss of other affiliated companies to eliminate its federal tax liabilities.

Litigation

The Company is involved in various claims and lawsuits incidental to its business. In the opinion of management, any ultimate liability arising out of such claims and lawsuits will not have a material adverse effect on the financial condition or results of operations of the Company.

Revenue recognition:

Transactions in securities and related commission expense are recorded on a trade date basis.

Use of estimates:

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

NOTE 3. RECEIVABLE FROM CLEARING AGENT AND OTHERS

The Company has a clearing agreement dated September 27, 1999 with Schroder & Co., Inc. (Now Bank of New York Clearing, Inc. ("BNY")) to act as its clearing agent on a fully disclosed basis. BNY maintains the customer accounts. All accounts introduced by BNY correspondents receive \$100,000,000 insurance protection without any additional cost. Maintenance of a clearing relationship entails a risk of unreconcilable differences. The inability of BNY to meet its obligations could result in substantial losses to the Company and the loss of the investors' investment. At March 31, 2002 \$501,439 in Treasury bills were maintained as collateral for the Company's other accounts. In addition, the Company had an additional \$303,637 in Treasury securities at another broker. During the ten months ended March 31, 2001, the Company made \$95,000 in bridge loans to Diabetex International Corporation, a company in which the Company sometimes takes a position. These loans bore interest at the rate of 16% and matured as follows:

August, 2001 \$80,000; September 2001 \$15,000. Diabetex International Corporation is a development stage Corporation and collection of the receivable was dependent on the borrower's ability to raise additional financing. In March, 2002, the Company received 1,460,000 restricted shares of Diabetex International Corporation, which the Company carried as a nonallowable asset and valued at market value at March 31, 2002 and charged the excess of the carrying value of the bridge loan over the value it assigned to the shares to operations as a bad debt.

DUPONT SECURITIES GROUP,INC.
NOTES TO STATEMENT OF FINANCIAL CONDITION
MARCH 31, 2002

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31, 2002

Computer equipment	\$ 126,982
Furniture and office equipment	<u>35,593</u>
Total assets at cost	162,575
Less accumulated depreciation and amortization	<u>125,423</u>
	<u>\$ 37,152</u>

NOTE 5. NET CAPITAL REQUIREMENTS

As a registered broker/dealer, the Company is subject to the Securities and Exchange Commission's net capital rule which requires that the Company maintain a minimum net capital as defined, of 6.67% of aggregate indebtedness or \$100,000. whichever is greater. Net capital and aggregate indebtedness change from day-to-day, but as of March 31, 2002, the Company had a net capital of \$541,020 which exceeded requirements by \$441,020.

NOTE 6. STOCKHOLDER'S EQUITY

At May 31, 1999, the Company was authorized to issue 200 shares of common stock with no par value. On that date 100 shares were issued and outstanding. On August 19, 1999 the Company's former owner, Saxon Acquisition Corp. agreed to sell the Company to Wavecount, Inc. On October 5, 1999 the Company increased its authorized capital from 200 shares to 1,000 shares of common stock. In addition, the Company was authorized to issue 1,000 shares of Class A voting stock and 1,000 shares of Class B nonvoting stock. No shares of Class A and Class B shares have been issued. On May 17, 2000 Wavecount, Inc. transferred its ownership to Dupont Direct Financial Holdings, Inc., a public company majority owned by Wavecount, Inc. During the year ended March 31, 2002, Wavecount, Inc. charged the Company approximately \$272,433 for various administrative services during the year ended March 31, 2002. At March 31, 2001 the Company had a non-interest bearing account payable to a stockholder of the parent in the amount of \$26,000 which it paid during the year ended March 31, 2002. During the year ended March 31, 2002, the Company incurred \$258,100 in commissions to Native American Financial Services Co., Inc. ("NAFSCO") a company in which the Company's parent holds a 47.5% interest and \$115,440 in commissions to Native American Securities Co., Inc., a wholly owned subsidiary of NAFSCO, \$65,000 of which was outstanding at March 31, 2002 and has since been paid in full by that company to the Company. During the ten months ended March 31, 2001 \$100,000 in additional capital was contributed to the Company. During the year ended March 31, 2002 this \$100,000 was withdrawn by the Company's parent, Dupont Direct Financial Holdings, Inc.

DUPONT SECURITIES GROUP,INC.
NOTES TO STATEMENT OF FINANCIAL CONDITION
MARCH 31, 2002

NOTE 7. LEASE COMMITMENTS

The Company occupies its office space under a lease entered into on September 8 ,1999 providing for a 124 month lease term with rent that varies over its life. It is also subject to payment of increases in real estate taxes over the base year and must pay for electricity. In connection with the transfer of the Company's ownership on May 17, 2000 this lease was transferred to the Company's new parent company by operation of law. There was no rent expense under this lease during the year ended March 31, 2002. During the year ended March 31, 2002 the Company incurred an administrative charge of \$209,081 to its parent company. Virtually all of this charge related to the parent's relief of the Company from the obligation to pay rent and electricity to the parent's landlord. At March 31, 2001 the Company had a non interest-bearing demand debt to its parent in the amount of \$73,935 which was paid during the year ended March 31, 2002.

NOTE 8. COMPROMISED CUSTOMER ARBITRATION AWARD

Included in accounts payable is \$21,000 for the compromised portion of an erroneous arbitration award. The entire award was for \$40,381 which included the sum of \$10,000 for customer's attorney's fees. Attorney fees are not legal under the American Rule concerning such matters. In order to induce the Company and its individual associated person salesman not to appeal because of this error, claimant reduced the sum payable by the Company to \$21,000 and to \$9,381 payable by the salesman which latter amount is being held against commissions earned by the salesman.