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

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SEC FILE NUMBER
8-49225

**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 January 1, 2001 AND ENDING December 31, 2001  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

CS Securities, Inc.

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

11601 WILSHIRE BLVD  
33 Catalina Avenue, Suite 201

OFFICIAL USE ONLY
FIRM ID. NO.

LOS ANGELES  
Pasadena,

(No. and Street)  
CA

90025  
91106

(City)

(State)

(Zip Code)

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

Diane Rubin, CPA Novogradac & Company, LLP (415) 356-8000

George Russo, CS Securities, Inc. (626) 683-3352

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Novogradac & Company, LLP

246 First Street, 5th Floor, San Francisco, CA 94105

(Address)

(City)

(State)

Zip Code

**PROCESSED**

CHECK ONE:

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

APR 12 2002

THOMSON FINANCIAL

FOR OFFICIAL USE ONLY
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\*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, George M. Russo, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CS Securities, Inc., 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
Signature

Chief Financial Officer  
Title

[Signature]  
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.
- (o) Independent Auditors' Report on Internal Control
- (p) Copy of the most recent Part IIA filed (electronically)

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

**CS SECURITIES, INC.**  
**FINANCIAL STATEMENTS**  
and  
**SUPPLEMENTAL INFORMATION**  
For the years ended December 31, 2001 and 2000  
with  
Independent Auditors' Report

**CS SECURITIES, INC.**  
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For the years ended December 31, 2001 and 2000

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NOVOGRADAC  
& COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

ATLANTA

SAN FRANCISCO

AUSTIN

Independent Auditors' Report

To the Board of Directors of CS Securities, Inc.:

We have audited the accompanying statements of financial condition of CS Securities, Inc. as of December 31, 2001 and 2000, and the related statements of operations, changes in stockholder's equity and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 CS Securities, Inc. as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with auditing standards generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in pages 11 to 13 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 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.

*Novogradac & Company LLP*

San Francisco, California  
February 7, 2002

**CS SECURITIES, INC.**  
**STATEMENTS OF FINANCIAL CONDITION**  
December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 23,012	\$ 10,560
Accounts receivable	<u>305,221</u>	<u>2,500</u>
Total current assets	328,233	13,060
Other assets:		
Broker license costs	4,570	4,570
Organization costs	<u>384</u>	<u>384</u>
	4,954	4,954
Less: accumulated amortization	<u>(4,954)</u>	<u>(4,786)</u>
Net other assets	---	168
 Total assets	 <u>\$ 328,233</u>	 <u>\$ 13,228</u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Current liabilities:		
Accounts payable	\$ 300,400	\$ 400
Common stock, \$.10 cents par value; 100,000 shares authorized, issued and outstanding	10,000	10,000
Retained earnings	<u>17,833</u>	<u>2,828</u>
Total stockholder's equity	<u>27,833</u>	<u>12,828</u>
 Total liabilities and stockholder's equity	 <u>\$ 328,233</u>	 <u>\$ 13,228</u>

see notes to financial statement

**CS SECURITIES, INC.**  
**STATEMENTS OF OPERATIONS**  
For the years ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
<b>REVENUE</b>		
Consulting	\$ 2,604,124	\$ 20,000
Interest income	<u>556</u>	<u>1,126</u>
Total revenue	2,604,680	21,126
 <b>EXPENSES</b>		
Consulting fees	2,574,000	21,519
Accounting and legal	12,144	9,280
License fees and other miscellaneous expenses	1,557	3,044
Amortization	167	991
Insurance	460	360
Miscellaneous expense	<u>547</u>	<u>221</u>
Total expenses	<u>2,588,875</u>	<u>35,415</u>
 Net income (loss) before provision for state income taxes	 15,805	 (14,289)
 Provision for state income taxes	 <u>(800)</u>	 <u>(800)</u>
 Net income (loss)	 <u>\$ 15,005</u>	 <u>\$ (15,089)</u>

see notes to financial statements

**CS SECURITIES, INC.**  
**STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY**  
For the years ended December 31, 2001 and 2000

	<u>Common Stock</u>		<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Earnings</u>	<u>Stockholder's</u>
				<u>Equity</u>
Balances at				
December 31, 1999	100,000	\$ 10,000	\$ 17,917	\$ 27,917
2000 net loss	<u>---</u>	<u>---</u>	<u>(15,089)</u>	<u>(15,089)</u>
Balances at				
December 31, 2000	100,000	10,000	2,828	12,828
2001 net income	<u>---</u>	<u>---</u>	<u>15,005</u>	<u>15,005</u>
Balances at				
December 31, 2001	<u>100,000</u>	<u>\$ 10,000</u>	<u>\$ 17,833</u>	<u>\$ 27,833</u>

see notes to financial statements

**CS SECURITIES, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the years ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Net income (loss)	\$ 15,005	\$ (15,089)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization	168	991
Decrease (increase) in accounts receivable	(302,721)	43,394
Increase (decrease) in accounts payable	<u>300,000</u>	<u>(34,989)</u>
Net cash provided by (used in) operating activities	12,452	(5,693)
Cash at beginning of year	<u>10,560</u>	<u>16,253</u>
Cash at end of year	<u>\$ 23,012</u>	<u>\$ 10,560</u>
Supplemental disclosures:		
Income taxes paid	<u>\$ 800</u>	<u>\$ 800</u>

see notes to financial statements

**CS SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2001 and 2000

1. Organization

CS Securities, Inc. ("CSS"), a California S-Corporation, was formed on January 18, 1996 to operate as a licensed broker-dealer pursuant to Section 15(b) of the Securities Exchange Act. CSS's purpose, as a licensed broker-dealer, is to act as a finder in connection with real estate holding companies' liquidation of real estate holdings. In addition, CSS may also structure and sell private offerings on a best efforts basis to institutional investors only.

CSS is exempt from special reserve requirements for brokers and dealers under Rule 15c3-3 of the Securities and Exchange Commission. This exemption is claimed under Section (k)(2)(i). CSS is a member of the National Association of Securities Dealers, Inc.

CSS is a member of the Securities Investor Protection Corporation ("SIPC"). SIPC has suspended assessments based on net operating revenue at the time of this report. Therefore, a SIPC supplemental report is not included.

2. Summary of significant accounting policies

Method of accounting

CSS prepares its financial statements on the accrual basis of accounting consistent with generally accepted accounting principles. CSS's year end for tax and financial reporting purposes is December 31.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Other assets

Broker license costs and organization costs are stated at cost and are amortized using the straight-line method over five years.

Amortization expense was \$168 and \$991 for years ended December 31, 2001 and 2000, respectively.

3. Net capital

CSS does not receive or hold customer securities or cash. As a result, the minimum net capital required by the Securities and Exchange Commission under Rule 15c3-1 is the greater of \$5,000 or 6.67% of aggregate indebtedness, as defined. As of December 31, 2001 and 2000, CSS had net capital of \$27,373 and \$12,449, and required net capital of \$20,037 and \$5,000, respectively.

**CS SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2001 and 2000

4. S-corporation status

CSS has elected under the Internal Revenue Code to be an S-corporation. An S-corporation does not pay federal income tax and pays state income tax at a rate of 1.5% with a minimum franchise tax of \$800. In lieu of corporation income taxes, the shareholders of an S-corporation are taxed on their proportionate share of the corporation's taxable income. As of December 31, 2001 and 2000, CSS has one shareholder.

5. Related party transactions

William Chadwick is 100% sole shareholder of CSS. Mr. Chadwick is also 100% sole shareholder of Chadwick & Company ("CC") and has a 41.25% interest in Chadwick Saylor & Co., Inc. ("CSC"). CC and CSC charge CSS for consulting fee expense. In 2001 and 2000, CSS paid \$2,574,000 and \$21,520 of consulting fee expense related to services provided by CC and CSC. As of December 31, 2001 and 2000, \$300,000 and \$0 consulting fees were outstanding, respectively. These fees were paid in January 2002. Also, as of December 31, 2001, \$400 was payable for miscellaneous expenses. CSS engages CC and CSC as its primary provider of financial consulting and due diligence services.

**SUPPLEMENTAL INFORMATION**

**CS SECURITIES, INC.**  
**RECONCILIATIONS OF NET CAPITAL AND**  
**COMPUTATIONS OF NET CAPITAL UNDER RULE 15c3-1**  
**SCHEDULE I**

For the years ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Total stockholder's equity at end of year	\$ 27,833	\$ 12,828
Adjustments:		
Non-allowable assets	<u>(460)</u>	<u>(379)</u>
Net capital	<u>\$ 27,373</u>	<u>\$ 12,449</u>
Aggregate indebtedness ("AI")		
Total liabilities in statement of financial condition	<u>\$ 300,400</u>	<u>\$ 400</u>
Computation of basic net capital requirement:		
Minimum net capital required (6.67% of AI)	<u>\$ 20,037</u>	<u>\$ 27</u>
Minimum dollar net capital required	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Minimum net capital requirement	<u>\$ 20,037</u>	<u>\$ 5,000</u>
Excess net capital	<u>\$ 7,336</u>	<u>\$ 7,449</u>
Excess of net capital at 1,000% (net capital - 10% of AI)	<u>\$ (2,667)</u>	<u>\$ 12,409</u>
Percentage of aggregate indebtedness to net capital	<u>1097.43%</u>	<u>3.21%</u>

**CS SECURITIES, INC.**  
**RECONCILIATIONS OF NET CAPITAL PER AUDITED**  
**AND UNAUDITED FOCUS REPORTS**  
**SCHEDULE II**  
For the years ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Net capital per unaudited FOCUS report	\$ 32,373	\$ 12,449
Audit and other adjustments	<u>(5,000)</u>	<u>---</u>
Net capital per auditors' computations	<u>\$ 27,373</u>	<u>\$ 12,449</u>

**CS SECURITIES, INC.**  
**EXEMPTIONS FROM CUSTOMER PROTECTION RULE 15c3-3**  
For the years ended December 31, 2001 and 2000

Exemptive provision:

In the opinion of management, CS Securities, Inc. is exempt from the provisions of Rule 15c3-3 in that CS Securities does not receive, hold or otherwise perform custodial functions relating to customer securities.

To the Board of Directors of CS Securities, Inc.:

In planning and performing the audits of the financial statements of CS Securities, Inc. ("CSS") for the years ended December 31, 2001 and 2000, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission ("the Commission"), we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by CSS 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 procedures for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by CSS in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or 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, because CSS does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of CSS 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 CSS 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.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the structure, practices and procedures to future periods is subject to the risks that they might become inadequate because of changes in conditions or that the effectiveness of their design and operation might 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 that we consider to 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 Commission to be adequate for its purposes in accordance with the Securities 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 CSS's practices and procedures were adequate as of December 31, 2001 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, and the National Association of Securities Dealer, Inc., and should not be used for any other purpose.

*Wagman & Company LLP*

San Francisco, California  
February 7, 2002

<b>FORM X-17A-5</b>	<h1 style="margin: 0;">FOCUS REPORT</h1> <p style="margin: 0;">(Financial and Operational Combined Uniform Single Report)</p> <h2 style="margin: 0;">Part IIA Quarterly 17a-5(a)</h2> <p style="margin: 0; font-size: small;">INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17</p>
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**COVER**

Select a filing method:

Basic  Alternate  [0011]

Name of Broker Dealer: CS SECURITIES, INC. [0013]

SEC File Number: 8-49225 [0014]

Address of Principal Place of Business: 11601 WILSHIRE BLVD [0020]

LOS ANGELES CA 90025 [0021] [0022] [0023]

Firm ID: 40685 [0015]

For Period Beginning 10/01/2001 And Ending 12/31/2001  
[0024] [0025]

Name and telephone number of person to contact in regard to this report:

Name: George M. Russo Phone: 310-266-6620  
[0030] [0031]

Name(s) of subsidiaries or affiliates consolidated in this report:

Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
[0032] [0033]

Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
[0034] [0035]

Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
[0036] [0037]

Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
[0038] [0039]

Does respondent carry its own customer accounts? Yes  [0040] No  [0041]

Check here if respondent is filing an audited report  [0042]

**ASSETS**

Consolidated [0198]		Unconsolidated [0199]			
		Allowable	Non-Allowable	Total	
1.	Cash	23,012 [0200]		23,012 [0750]	
2.	Receivables from brokers or dealers:				
	A. Clearance account	[0295]			
	B. Other	[0300]	[0550]	0 [0810]	
3.	Receivables from non-customers	305,221 [0355]	[0600]	305,221 [0830]	
4.	Securities and spot commodities owned, at market value:				
	A. Exempted securities	[0418]			
	B. Debt securities	[0419]			
	C. Options	[0420]			
	D. Other securities	[0424]			
	E. Spot commodities	[0430]		0 [0850]	
5.	Securities and/or other investments not readily marketable:				
	A. At cost				
	[0130]				
	B. At estimated fair value	[0440]	[0610]	0 [0860]	
6.	Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:	[0460]	[0630]	0 [0880]	
	A. Exempted securities				
	[0150]				
	B. Other securities				
	[0160]				
7.	Secured demand notes market value of collateral:				
	A. Exempted securities	[0470]	[0640]	0 [0890]	

			[0170]
B.	Other securities		
			[0180]
8.	Memberships in exchanges:		
A.	Owned, at market		
			[0190]
B.	Owned, at cost	[0550]	
C.	Contributed for use of the company, at market value	[0560]	[0900] 0
9.	Investment in and receivables from affiliates, subsidiaries and associated partnerships	[0480]	[0670] [0910] 0
10.	Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization	[0490]	[0680] [0920] 0
11.	Other assets	[0535]	[0735] [0930] 0
12.	<b>TOTAL ASSETS</b>	<u>328,233</u> [0540]	<u>0</u> [0740] 328,233 [0940]



	2.	Includes equity subordination (15c3-1(d)) of			
			[1010]		
	D.	Exchange memberships contributed for use of company, at market value		[1430]	0 [1740]
	E.	Accounts and other borrowings not qualified for net capital purposes	[1220]	[1440]	0 [1750]
20.			295,400	0	295,400
		<b>TOTAL LIABILITIES</b>	[1230]	[1450]	[1760]

### Ownership Equity

		<b>Total</b>
21.	Sole proprietorship	[1770]
22.	Partnership (limited partners (1020))	[1780]
23.	Corporations:	
	A. Preferred stock	[1791]
	B. Common stock	10,000 [1792]
	C. Additional paid-in capital	[1793]
	D. Retained earnings	22,833 [1794]
	E. Total	32,833 [1795]
	F. Less capital stock in treasury	[1796]
24.	<b>TOTAL OWNERSHIP EQUITY</b>	32,833 [1800]
25.	<b>TOTAL LIABILITIES AND OWNERSHIP EQUITY</b>	328,233 [1810]

**STATEMENT OF INCOME (LOSS)**

Period Beginning <u>10/01/2001</u> [3932]	Period Ending <u>12/31/2001</u> [3933]	Number of months <u>3</u>	<u>3</u> [3931]
--	---	------------------------------	--------------------

**REVENUE**

1.	Commissions:		
a.	Commissions on transactions in exchange listed equity securities executed on an exchange	_____	[3935]
b.	Commissions on listed option transactions		[3938]
c.	All other securities commissions		[3939]
d.	Total securities commissions	_____	0 [3940]
2.	Gains or losses on firm securities trading accounts		
a.	From market making in options on a national securities exchange	_____	[3945]
b.	From all other trading		[3949]
c.	Total gain (loss)		0 [3950]
3.	Gains or losses on firm securities investment accounts		[3952]
4.	Profit (loss) from underwriting and selling groups		[3955]
5.	Revenue from sale of investment company shares	_____	[3970]
6.	Commodities revenue		[3990]
7.	Fees for account supervision, investment advisory and administrative services	_____	873,924 [3975]
8.	Other revenue		192 [3995]
9.	Total revenue		874,106 [4030]

**EXPENSES**

10.	Salaries and other employment costs for general partners and voting stockholder officers		[4120]
11.	Other employee compensation and benefits	_____	[4115]
12.	Commissions paid to other broker-dealers		[4140]
13.	Interest expense		[4075]
a.	Includes interest on accounts subject to subordination agreements	_____	[4070]
14.	Regulatory fees and expenses		120 [4195]
15.	Other expenses		856,660 [4100]
16.	Total expenses	_____	856,780 [4200]

**NET INCOME**

17.	Net income(loss) before Federal Income taxes and items below (Item 9 less Item 16)	<u>17,326</u> [4210]
18.	Provision for Federal Income taxes (for parent only)	<u>[4220]</u>
19.	Equity in earnings (losses) of unconsolidated subsidiaries not included above	<u>[4222]</u>
	a. After Federal income taxes of	[4238]
20.	Extraordinary gains (losses)	<u>[4224]</u>
	a. After Federal income taxes of	<u>[4239]</u>
21.	Cumulative effect of changes in accounting principles	<u>[4275]</u>
22.	Net income (loss) after Federal income taxes and extraordinary items	<u>17,326</u> [4230]
<b>MONTHLY INCOME</b>		
23.	Income (current monthly only) before provision for Federal income taxes and extraordinary items	<u>9,720</u> [4211]

**EXEMPTIVE PROVISIONS**

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based

- A. (k) (1)–Limited business (mutual funds and/or variable annuities only)  [4550]
- B. (k) (2)(i)–“Special Account for the Exclusive Benefit of customers” maintained  [4560]
- C. (k) (2)(ii)–All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm(s)  [4570]

Clearing Firm SEC#s	Name	Product Code
8- _____ [4335A]	_____ [4335A2]	_____ [4335B]
8- _____ [4335C]	_____ [4335C2]	_____ [4335D]
8- _____ [4335E]	_____ [4335E2]	_____ [4335F]
8- _____ [4335G]	_____ [4335G2]	_____ [4335H]
8- _____ [4335I]	_____ [4335I2]	_____ [4335J]

- D. (k) (3)–Exempted by order of the Commission  [4580]

**COMPUTATION OF NET CAPITAL**

1.	Total ownership equity from Statement of Financial Condition		<u>32,833</u>
			[3480]
2.	Deduct ownership equity not allowable for Net Capital		<u>[3490]</u>
3.	Total ownership equity qualified for Net Capital		<u>32,833</u>
			[3500]
4.	Add:		
A.	Liabilities subordinated to claims of general creditors allowable in computation of net capital		<u>0</u>
			[3520]
B.	Other (deductions) or allowable credits (List)		
		[3525A]	[3525B]
		[3525C]	[3525D]
		[3525E]	[3525F]
			<u>0</u>
			[3525]
5.	Total capital and allowable subordinated liabilities		<u>32,833</u>
			[3530]
6.	Deductions and/or charges:		
A.	Total nonallowable assets from Statement of Financial Condition (Notes B and C)	<u>0</u>	[3540]
B.	Secured demand note deficiency	<u>[3590]</u>	
C.	Commodity futures contracts and spot commodities - proprietary capital charges	<u>[3600]</u>	
D.	Other deductions and/or charges	<u>0</u>	[3620]
		[3610]	
7.	Other additions and/or credits (List)		
		[3630A]	[3630B]
		[3630C]	[3630D]
		[3630E]	[3630F]
			<u>0</u>
			[3630]
8.	Net capital before haircuts on securities positions		<u>32,833</u>
			[3640]
9.	Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):		
A.	Contractual securities commitments	<u>[3660]</u>	
B.	Subordinated securities borrowings	<u>[3670]</u>	
C.	Trading and investment securities:		
1.	Exempted securities	<u>[3735]</u>	
2.	Debt securities	<u>[3733]</u>	
3.	Options	<u>[3730]</u>	
4.	Other securities	<u>[3734]</u>	

D.	Undue Concentration		[3650]	
E.	Other (List)			
	Money Market Funds		460	
		[3736A]	[3736B]	
		[3736C]	[3736D]	
		[3736E]	[3736F]	
			460	-460
			[3736]	[3740]
10.	Net Capital			<u>32,373</u> [3750]

### COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A				
11.	Minimum net capital required (8-2/3% of line 19)			<u>19,693</u> [3756]
12.	Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note(A)			<u>5,000</u> [3758]
13.	Net capital requirement (greater of line 11 or 12)			<u>19,693</u> [3760]
14.	Excess net capital (line 10 less 13)			<u>12,680</u> [3770]
15.	Excess net capital at 1000% (line 10 less 10% of line 19)			<u>2,833</u> [3780]

### COMPUTATION OF AGGREGATE INDEBTEDNESS

16.	Total A.I. liabilities from Statement of Financial Condition			<u>295,400</u> [3790]
17.	Add:			
A.	Drafts for immediate credit		[3800]	
B.	Market value of securities borrowed for which no equivalent value is paid or credited		[3810]	
C.	Other unrecorded amounts(List)			
		[3820A]	[3820B]	
		[3820C]	[3820D]	
		[3820E]	[3820F]	
			0	0
			[3820]	[3830]
19.	Total aggregate indebtedness			<u>295,400</u> [3840]
20.	Percentage of aggregate indebtedness to net capital (line 19 / line 10)		%	912 [3850]

**OTHER RATIOS**

21.	Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	%	0 (3860)
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**SCHEDULED WITHDRAWALS**

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual	Name of Lender or Contributor	Insider or Outsider	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	Withdrawal or Maturity Date (MMDDYYYY)	Expect to Renew
[4600]	_____	[4601] [4602]	[4603]	[4604]	[4605]
[4610]	_____	[4611] [4612]	[4613]	[4614]	[4615]
[4620]	_____	[4621] [4622]	[4623]	[4624]	[4625]
[4630]	_____	[4631] [4632]	[4633]	[4634]	[4635]
[4640]	_____	[4641] [4642]	[4643]	[4644]	[4645]
[4650]	_____	[4651] [4652]	[4653]	[4654]	[4655]
[4660]	_____	[4661] [4662]	[4663]	[4664]	[4665]
[4670]	_____	[4671] [4672]	[4673]	[4674]	[4675]
[4680]	_____	[4681] [4682]	[4683]	[4684]	[4685]
[4690]	_____	[4691] [4692]	[4693]	[4694]	[4695]
		TOTAL	0		
		\$			
			[4699]		

Omit Pennies

**Instructions** Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

Withdrawal Code	Description
1	Equity Capital
2	Subordinated Liabilities
3	Accruals
4	15c3-1(c)(2)(iv) Liabilities

