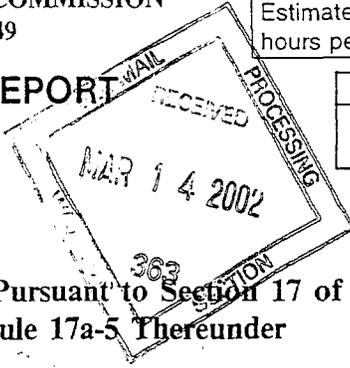




UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

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



SEC FILE NUMBER
8-43596

**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: Partridge, Lloyd Ray, dba
Lloyd Partridge & Associates

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
4404 Avenue N 1/2, No. 2

(No. and Street)
Galveston Texas 77551
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
LLOYD PARTRIDGE (409) 763-6355
(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
J. J. Brown, VI, C.P.A.
(Name — if individual, state last, first, middle name)
1018 Tremont Galveston Texas 77550
(Address) (City) (State) (Zip Code)

CHECK ONE:
 Certified Public Accountant
 Public Accountant
 Accountant not resident in United States or any of its possessions.

PROCESSED
MAR 21 2002
THOMSON FINANCIAL

FOR OFFICIAL USE ONLY

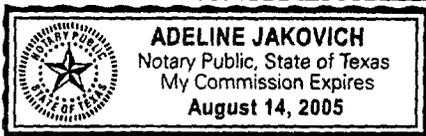
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

Handwritten signature/initials

OATH OR AFFIRMATION

I, LLOYD R. PARTRIDGE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of PARTRIDGE, LLOYD RAY d/b/a LLOYD PARTRIDGE & ASSOCIATES, 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:

none



Signature: Lloyd R. Partridge
Title: sole proprietor

Signature: Adeline Jakovich
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.

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

**FORM
X-17A-5**

(Financial and Operational Combined Uniform Single Report)

PART IIA 12

(5-31-87)

12/90

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a) 16 2) Rule 17a-5(b) 17 3) Rule 17a-11 18
- 4) Special request by designated examining authority 19 5) Other 26

NAME OF BROKER-DEALER
 PARTRIDGE, LLOYD RAY d/b/a
 LLOYD PARTRIDGE & ASSOCIATES 13

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)
 4404 Avenue N 1/2, No. 2 20

(No. and Street)

Galveston 21 Texas 22 77551 23

(City) (State) (Zip Code)

SEC FILE NO.
 8-43596 14

FIRM ID. NO.
 028288 15

FOR PERIOD BEGINNING (MM/DD/YY)
 01-01-01 24

AND ENDING (MM/DD/YY)
 12-31-01 25

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
 MICHAEL LOVETT 30

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

	32
	34
	36
	38

(Area Code)—Telephone No.
 218-969-7050 31

OFFICIAL USE

	33
	35
	37
	39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES 40 NO 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT 42

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 21st day of February ~~xx~~ 2002

Manual signatures of:

1) *Lloyd R. Partridge*
 Principal Executive Officer or Managing Partner

2) _____
 Principal Financial Officer or Partner

3) _____
 Principal Operations Officer or Partner

ATTENTION—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78:(a))

WORKING COPY

TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:

J. J. BROWN, VI

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

Name (If individual, state last, first, middle name)

1018 Tremont	Galveston	Tx 70	77550
ADDRESS Number and Street	City	State	Zip Code

	71	72	73	74
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Check One

- () Certified Public Accountant 75
- () Public Accountant 76
- () Accountant not resident in United States or any of its possessions 77

FOR SEC USE

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DO NOT WRITE UNDER THIS LINE . . . FOR SEC USE ONLY

WORK LOCATION	REPORT DATE MM/DD/YY	DOC. SEQ. NO.	CARD
50	51	52	53

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER LLOYD PARTRIDGE & ASSOCIATES	N 3			100
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**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND
CERTAIN OTHER BROKERS OR DEALERS**

as of (MM/DD/YY)	12-31-01	99
SEC FILE NO.	8-43596	98
Consolidated	<input type="checkbox"/>	198
Unconsolidated	<input type="checkbox"/>	199

	<u>Allowable</u>		<u>Non-Allowable</u>		<u>Total</u>	
	\$		\$		\$	
1. Cash	28,503	200			28,503	750
2. Receivables from brokers or dealers:						
A. Clearance account		295				
B. Other		300	550			810
3. Receivables from non-customers		355	600			830
4. Securities and spot commodities owned, at market value:						
A. Exempted securities		418				
B. Debt securities		419				
C. Options		420				
D. Other securities		424				
E. Spot commodities		430				850
5. Securities and/or other investments not readily marketable:						
A. At cost	\$ 18,900	130				
B. At estimated fair value		440	610		18,900	860
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:						
A. Exempted securities		460	630			880
B. Other securities		150				
B. Other securities		160				
7. Secured demand notes: market value of collateral:						
A. Exempted securities		470	640			890
B. Other securities		170				
B. Other securities		180				
8. Memberships in exchanges:						
A. Owned, at market		190				
B. Owned, at cost			650			
C. Contributed for use of the company, at market value			660			900
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships		480	670			910
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization		490	680			920
11. Other assets		535	735			930
12. TOTAL ASSETS	\$	47,403	540	\$	47,403	940

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER

LLOYD PARTRIDGE & ASSOCIATES

as of 12-31-01

**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING
AND CERTAIN OTHER BROKERS OR DEALERS**

LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A.I. Liabilities</u>	<u>Non-A.I. Liabilities</u>	<u>Total</u>
13. Bank loans payable	\$ 1045	\$ 1255	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account	1114	1315	1560
B. Other	1115	1305	1540
15. Payable to non-customers	1155	1355	1610
16. Securities sold not yet purchased, at market value		1360	1620
17. Accounts payable, accrued liabilities, expenses and other	1205	1385	1685
18. Notes and mortgages payable:			
A. Unsecured	1210		1690
B. Secured	1211	1390	1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		1400	1710
1. from outsiders \$ 970			
2. Includes equity subordination (15c3-1 (d)) of \$ 980			
B. Securities borrowings, at market value: . . .		1410	1720
from outsiders \$ 990			
C. Pursuant to secured demand note collateral agreements:		1420	1730
1. from outsiders: \$ 1000			
2. Includes equity subordination (15c3-1 (d)) of \$ 1010			
D. Exchange memberships contributed for use of company, at market value		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes	1220	1440	1750
20. TOTAL LIABILITIES	\$ 1230	\$ 1450	\$ 1760

Ownership Equity

21. Sole proprietorship		\$ 47,403	1770
22. Partnership (limited partners	\$ 1020		1780
23. Corporation:			
A. Preferred stock			1791
B. Common stock			1792
C. Additional paid-in capital			1793
D. Retained earnings			1794
E. Total			1795
F. Less capital stock in treasury			1796
24. TOTAL OWNERSHIP EQUITY		\$ 47,403	1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY		\$ 47,403	1810

OMIT PENNIES

**FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER LLOYD PARTRIDGE & ASSOCIATES

as of 12-31-01

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition	\$	47,403	3480
2. Deduct ownership equity not allowable for Net Capital	▼ ¹⁹ () 3490
3. Total ownership equity qualified for Net Capital		47,403	3500
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital			3520
B. Other (deductions) or allowable credits (List)			3525
5. Total capital and allowable subordinated liabilities	\$	47,403	3530
6. Deductions and/or charges:			
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	▼ ¹⁷ \$	3540	
B. Secured demand note deficiency		3590	
C. Commodity futures contracts and spot commodities- proprietary capital charges		3600	
D. Other deductions and/or charges		3610	(3620
7. Other additions and/or allowable credits (List)) 3630
8. Net capital before haircuts on securities positions	▼ ²⁰ \$	47,403	3640
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):			
A. Contractual securities commitments	\$	3660	
B. Subordinated securities borrowings		3670	
C. Trading and investment securities:			
1. Exempted securities	▼ ¹⁸	3735	
2. Debt securities		3733	
3. Options		3730	
4. Other securities		3734	
D. Undue Concentration		3650	
E. Other (List)		3736	(3740
10. Net Capital	\$	47,403	3750

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER LLOYD PARTRIDGE & ASSOCIATES	as of <u>12-31-01</u>
--	-----------------------

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19)	\$	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)	\$	5,000 3758
13. Net capital requirement (greater of line 11 or 12)	\$	5,000 3760
14. Excess net capital (line 10 less 13)	\$	42,403 3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	▼ \$	47,403 3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$	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)	\$	3820
19. Total aggregate indebtedness	\$	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	%	3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%	3860

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$	3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	▼ \$	3880
24. Net capital requirement (greater of line 22 or 23)	\$	3760
25. Excess net capital (line 10 less 24)	\$	3910
26. Net capital in excess of:		
5% of combined aggregate debit items or \$120,000	\$	3920

OMIT PENNIES

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
 1. Minimum dollar net capital requirement, or
 2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER LLOYD PARTRIDGE & ASSOCIATES

For the period (MMDDYY) from 01-01-01 3932 to 12-31-01 3933
Number of months included in this statement 3931

STATEMENT OF INCOME (LOSS)

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		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)		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		16,140 3970
6. Commodities revenue		3990
7. Fees for account supervision, investment advisory and administrative services		3975
8. Other revenue		694 3995
9. Total revenue	\$	16,834 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		741 4195
15. Other expenses		614 4100
16. Total expenses	\$	1,355 4200

NET INCOME

17. Net Income (loss) before Federal income taxes and items below (Item 9 less Item 16)	\$	15,479	4210
18. Provision for Federal income taxes (for parent only)	▼		4220
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above			4222
a. After Federal income taxes of	4238		
20. Extraordinary gains (losses)			4224
a. After Federal income taxes of	4239		
21. Cumulative effect of changes in accounting principles			4225
22. Net income (loss) after Federal income taxes and extraordinary items	\$	15,479	4230

MONTHLY INCOME

23. Income (current month only) before provision for Federal income taxes and extraordinary items	\$	4211
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**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER LLOYD PARTRIDGE & ASSOCIATES

For the period (MMDDYY) from 01-01-01 to 12-31-01

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

1. Balance, beginning of period	\$	36,924	4240
A. Net income (loss)		15,479	4250
B. Additions (Includes non-conforming capital of	\$	4262	4260
C. Deductions (Includes non-conforming capital of	\$	5,000	4272
		5,000	4270
2. Balance, end of period (From item 1800)	\$	47,403	4290

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS**

3. Balance, beginning of period	\$		4300
A. Increases			4310
B. Decreases			4320
4. Balance, end of period (From item 3520)	\$		4330

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER LLOYD PARTRIDGE & ASSOCIATES

as of 12-31-01

Exemptive Provision Under Rule 15c3-3

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

- A. (k) (1) ~~\$2,500~~ ^{\$5,000} capital category as per Rule 15c3-1 4550
- B. (k) (2)(A)—"Special Account for the Exclusive Benefit of customers" maintained 4560
- C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm 31 4335 4570
- D. (k) (3)—Exempted by order of the Commission 4580

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 See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (yes or no)	
32	4600	4601	4602	4603	4604	4605
33	4610	4611	4612	4613	4614	4615
34	4620	4621	4622	4623	4624	4625
35	4630	4631	4632	4633	4634	4635
36	4640	4641	4642	4643	4644	4645
37	4650	4651	4652	4653	4654	4655
38	4660	4661	4662	4663	4664	4665
39	4670	4671	4672	4673	4674	4675
40	4680	4681	4682	4683	4684	4685
41	4690	4691	4692	4693	4694	4695
			TOTAL \$ <u>4699</u>			

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

LLOYD PARTRIDGE & ASSOCIATES

REPORT ON EXAMINATION

December 31, 2001

J. J. BROWN VI, INC.

A PROFESSIONAL CORPORATION

Certified Public Accountant

1018 Tremont

Galveston, Texas 77550

Telephone
(409) 763-1300

INDEPENDENT AUDITORS' REPORT

Lloyd Partridge & Associates
Galveston, Texas 77550

I have audited the accompanying balance sheet of Lloyd Partridge & Associates (a Sole Proprietorship) as of December 31, 2001 and the related statements of operations, sole proprietor'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. My responsibility is to express an opinion of these financial statements based on my audit.

I conducted the audit in accordance with generally accepted auditing standards. Those standards require that I 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. The accounting audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lloyd Partridge & Associates as of 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.

My audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The information contained in Form X-17A-5, Part IIA 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 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.

Galveston, Texas
February 21, 2001



LLOYD PARTRIDGE & ASSOCIATES
BALANCE SHEET
DECEMBER 31, 2001

ASSETS

Current Assets

Cash in Bank	\$ 28,503
Investments (Note 4)	<u>18,900</u>

Total Current Assets	<u>\$ 47,403</u>
----------------------	------------------

SOLE PROPRIETOR'S EQUITY

<u>Sole Proprietor's Equity</u>	<u>\$ 47,403</u>
---------------------------------	------------------

Total Proprietor's Equity	<u>\$ 47,403</u>
---------------------------	------------------

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

LLOYD PARTRIDGE & ASSOCIATES
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2001

Revenue

Revenue from Sale of Investment Company Shares	\$ 16,140
Interest Income	<u>694</u>

Gross Revenue \$ 16,834

Expenses

Legal and professional fees	\$ 614
License fees -NASD	<u>741</u>

Total Expenses \$ 1,355

Net Income From Operations \$ 15,479

Sole Proprietor's Equity as of 01/01/01	36,924
Proprietor Withdrawals	<u>(5,000)</u>

Sole Proprietor Equity 12/31/01 \$ 47,403

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

LLOYD PARTRIDGE & ASSOCIATES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001

Cash Flows from Operating Activities

Cash Received/Earned from Sale of Investment Company Shares	\$ 16,140
Cash Received/Interest Income	694
Cash Expenses	<u>(1,355)</u>
Net cash provided by operating activities	15,479

Cash in Bank at Beginning of Year	18,024
Proprietor Withdrawals	<u>(5,000)</u>
Cash in Bank at End of Year	<u>\$ 28,503</u>

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

LLOYD PARTRIDGE & ASSOCIATES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

Note 1 - Summary of Accounting Policies

The Proprietorship prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles.

Note 2 - SEC RULE 15C 3-3

It was determined that the proprietorship operates pursuant to the exemptive provisions of Paragraph K-1 of the SEC Rule 15C 3-3. The proprietorship did not hold customer funds or securities.

Note 3 - SEC RULE 15C 3-1

Pursuant to the Rule 15C 3-1 of the by-laws of the NASD, Inc., the proprietorship has a net capital balance as of 12/31/01 of \$47,403.00. Minimum capital requirements for a firm claiming exemption from Rule 15C 3-1 based on Article K-1 is \$5,000.00 Broker/Dealer reserves. There existed no differences in the audited capital requirement balance from that reflected on the financial statements of the firm.

Note 4 - INVESTMENTS

The Proprietorship purchased common stock which is not traded publicly. This investment is available for sale but has no defined fair market value. Investment is reflected at cost.

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

J. J. BROWN VI, INC.

A PROFESSIONAL CORPORATION

Certified Public Accountant

1018 Tremont

Galveston, Texas 77550

Telephone
(409) 763-1300

Lloyd Partridge & Associates
Galveston, Texas 77550

In planning and performing my audit of the consolidated financial statements and supplemental schedules of Lloyd Partridge & Associates ("the Company") for the year ended December 31, 2001, I considered its internal control structure, including procedures for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing an opinion on the consolidated financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), I have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that I 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, I 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 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 and those 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 an internal control structure 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 accordance 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 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.

My 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, I noted no matters involving the internal control structure, including procedures for safeguarding securities, that I considered to be material weaknesses as defined above.

I 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 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 my study, I believe that the Company's practices and procedures were adequate at December 31, 2001, to meet the SEC's objectives.

Lloyd Partridge & Associates

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This report is intended solely for the use of 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 should not be used for any other purposes.

A handwritten signature in cursive script that reads "J. J. Brown VI".

J. J. Brown, VI
Certified Public Accountant
1018 Tremont
Galveston, Texas 77550