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4/3/2002

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

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

SEC FILE NUMBER
8- 50427



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

JGM Securities, LLC

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

JGM Securities, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) 012002

50 Broad Street, 2nd Floor
(No. and Street)

New York NY 10004
(City) (State) (Zip Code)

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

Andrew Actman (212) 918-1220
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

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

101 Eisenhower Parkway Roseland NJ 07068
(Address) (City) (State)

CHECK ONE:

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

PROCESSED

APR 05 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).

4/3/2002

OATH OR AFFIRMATION

I, George West, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of JGM Securities, LLC, as of 12/31, 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:

ANDREW ACTMAN
Notary Public, State of New York
No. 01AC5062780
Qualified in New York County
Commission Expires July 8, 2002


Notary Public

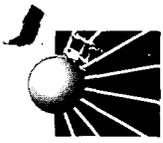

Signature

Managing Member
Title

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).



Owner
JGM Securities, LLC

Report on Internal Control Structure

In planning and performing our audit of the financial statements and supplemental schedule of JGM Securities, LLC (wholly owned by BT Holdings, Inc.) (the Company), for the year ended December 31, 2001, we considered its internal control structure, including procedures 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 the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities 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 provision 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 an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements 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 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.

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 error or irregularities in amount 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, including procedures 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 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 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 use of the owner, 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 purpose.

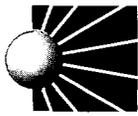
Roseland, New Jersey
February 15, 2002

Rosenfarb-Winters, LLC

JGM SECURITIES, LLC
(wholly owned by BT Holdings, Inc.)

FINANCIAL STATEMENTS

DECEMBER 31, 2001



Rosenfarb Winters, LLC
Forensic Accountants and Business Consultants

Owner
JGM Securities, LLC

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of financial condition of JGM Securities, LLC (wholly owned by BT Holdings, Inc.) as of December 31, 2001, and the related statements of operations, changes in owner'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 generally accepted auditing standards. 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 JGM Securities, LLC (wholly owned by BT Holdings, Inc.) at December 31, 2001, and the results of their operations and 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 the purpose 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.

Roseland, New Jersey
February 15, 2002

Rosenfarb Winters, LLC

101 Eisenhower Parkway
Roseland, NJ 07068
(973) 618-0800 • Fax: (973) 618-0801

4000 Route 66
Tinton Falls, NJ 07753
(732) 922-9900 • Fax: (732) 922-9910

150 West 56th St, Suite 3311
New York, NY 10019
(212) 757-1111 • Fax: (212) 581-4409

JGM SECURITIES, LLC
(wholly owned by BT Holdings, Inc.)

BALANCE SHEET

DECEMBER 31, 2001

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 339,468
Receivables from traders	451,845
Marketable securities, at market value	<u>1,751,613</u>

Total current assets \$2,542,926

EQUIPMENT 44,153

OTHER ASSETS 51,118

\$2,638,197

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 985,284
Payable to clearing organization	210,757
Commissions payable	<u>161,112</u>

Total current liabilities \$1,357,153

OWNER'S EQUITY 1,281,044

\$2,638,197

See notes to financial statements

JGM SECURITIES, LLC
(wholly owned by BT Holdings, Inc.)

STATEMENT OF OPERATIONS AND OWNER'S EQUITY

YEAR ENDED DECEMBER 31, 2001

NET TRADING REVENUES		\$ 5,644,081
COSTS AND EXPENSES		
Trading	\$6,827,697	
Administrative	5,032,766	
Interest, net of interest income of \$405,254	<u>124,201</u>	
		<u>11,984,664</u>
NET LOSS		(6,340,583)
OWNER'S EQUITY - beginning of year		2,417,868
OWNER'S CONTRIBUTIONS		6,933,083
OWNER'S DISTRIBUTIONS		<u>(1,729,324)</u>
OWNER'S EQUITY - end of year		<u>\$ 1,281,044</u>

See notes to financial statements

JGM SECURITIES, LLC
(wholly owned by BT Holdings, Inc.)

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2001

CASH FLOWS TOWARDS OPERATING ACTIVITIES

Receipts from clearing organization	\$ 7,964,280
Payments for trading expenses	(8,506,387)
Payments for administrative expenses	(4,196,808)
Interest paid	(529,455)
Interest received	<u>405,254</u>

Net cash towards operating activities \$(4,863,116)

CASH FLOWS TOWARDS INVESTING ACTIVITIES

Payments for equipment	(41,229)
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CASH FLOWS FROM FINANCING ACTIVITIES

Owner's contributions	6,933,083
Owner's distributions	<u>(1,729,324)</u>

Net cash from financing activities 5,203,759

NET INCREASE IN CASH 299,414

CASH AND CASH EQUIVALENTS - beginning of year 40,054

CASH AND CASH EQUIVALENTS - end of year \$ 339,468

RECONCILIATION OF NET LOSS TO NET CASH
TOWARDS OPERATING ACTIVITIES

Towards operations

Net loss	\$ (6,340,583)
Depreciation	<u>5,384</u>

Total towards operations	\$ (6,335,199)
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Add (deduct) changes in non cash working
capital and non operating items

Decrease in receivable from clearing organization	2,899,286
Increase in receivables from traders	(451,845)
Increase in marketable securities	(590,327)
Decrease in other assets	11,240
Increase in accounts payable and accrued expenses	830,574
Increase in payable to clearing organization	210,757
Decrease in commissions payable	<u>(1,437,602)</u>

Total change	<u>1,472,083</u>
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\$ (4,863,116)

JGM SECURITIES, LLC
(wholly owned by BT Holdings, Inc.)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRINCIPAL BUSINESS ACTIVITY

A. Principal Business Activity

The Company primarily trades proprietary accounts through one clearing organization. The Company is registered with the Securities and Exchange Commission (SEC) and the Philadelphia Stock Exchange (PHLX) as a broker dealer.

B. 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Net Trading Revenues

Net trading revenues and related expenses (including margin interest) are recorded on a trade date basis.

D. Equipment and Depreciation

Equipment is stated at cost less accumulated depreciation. Depreciation is provided using accelerated methods over the estimated useful lives of the assets (five years).

E. Income Taxes

As a limited liability company, taxable income is taxed directly to the owner. Accordingly, no provision has been made in the financial statements for income taxes.

JGM SECURITIES, LLC
(wholly owned by BT Holdings, Inc.)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 2 - EQUIPMENT

Equipment consists of

Computers	\$81,714
Accumulated depreciation	<u>37,561</u>
	<u>\$ 44,153</u>

NOTE 3 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1).

NOTE 4 - LEASES

The Company rents premises under a lease which expires March 31, 2004. Rent expense for the year was \$24,000. Future minimum annual rental payments are \$24,000 through the expiration of the lease.

NOTE 5 - LICENSE AGREEMENT

The Company has a non-exclusive license from an affiliate, expiring November 30, 2004, for software utilized in the predominance of its trading activity.

Under the terms of the license the Company paid approximately \$2,422,000 to the affiliate for the year ended December 31, 2001, and had accounts payable to the affiliate of approximately \$65,000 at year end.

NOTE 6 - LITIGATION

The Company is a party to various legal proceedings. While it is not feasible to predict or determine any of the outcomes, it is the opinion of management that they will have no material adverse effect on the financial position of the Company.

JGM SECURITIES, LLC
(wholly owned by BT Holdings, Inc.)

SCHEDULE I - COMPUTATION OF NET CAPITAL UNDER RULE 15c-1 OF THE
SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2001

NET CAPITAL		
Total owner's equity		\$1,281,044
Deduct owner's equity not allowable for net capital		
Total owner's equity qualified for net capital		<u>1,281,044</u>
Add:		
Subordinated borrowing allowable in computation of net capital		
Other (deductions) or allowable credits		
Total capital and allowable subordinated borrowings		1,281,044
Deductions and/or charges		
Non allowable assets		
Equipment	\$ 44,153	
Unsecured receivables	451,845	
Other assets	<u>51,118</u>	<u>547,116</u>
Net capital before haircuts on securities positions		733,928
Haircuts on securities		
Trading and investment securities	262,742	
Undue concentration	94,903	
Excess securities		<u>357,645</u>
		<u>\$ 376,283</u>

AGGREGATE INDEBTEDNESS

Items included in statements of financial condition:		
Accounts payable and accrued expenses		985,284
Payable to clearing organization		210,757
Commissions payable		161,112
Items not included in statement of financial condition:		
		<u>\$1,357,153</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required		<u>\$ 100,000</u>
Excess net capital at 1,500 percent		<u>\$ 276,283</u>
Excess net capital at 1,000 percent		<u>\$ 240,568</u>
Ratio: Aggregate indebtedness to net capital		<u>3.61 to 1</u>

The Company computation of net capital included in Part II of Form X-17A-5 agrees to the net capital above in all material respects.