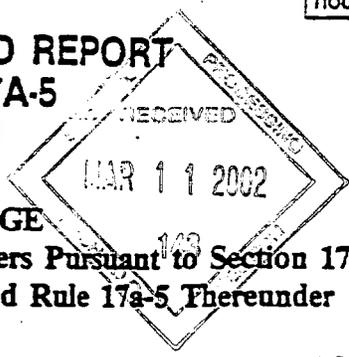




02022238

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

SEC FILE NUMBER
8-26883



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 01-01-2001 AND ENDING 12-31-2001
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Fox & Henry, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

455 S. Frontage Road

(No. and Street)

Burr Ridge

IL

60527

(City)

(State)

(Zip Code)

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

William E. Fox

(630) 325-4445

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

George Korbakes & Co. L.L.P.

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

745 McClintock Dr.

Burr Ridge

IL

60527

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED
APR 01 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).

AKS
3/27/02

OATH OR AFFIRMATION

I, William E. Fox, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Fox & Henry, Inc., as of December 31, ~~xx~~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:

Secondary Passive Income Fund, Secondary Real Estate Fund II,

Secondary Income Fund IV, Secondary Income Fund V

Secondary Income Fund VI



William E. Fox
Signature

President
Title

Margaret A. Polaski
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.

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

Report Pursuant to S.E.C. Rule 17a-5(d)

Fox & Henry, Inc.

December 31, 2001



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
of Fox & Henry, Inc.

We have audited the accompanying balance sheet of Fox & Henry, Inc. an Illinois corporation as of December 31, 2001, and the related statements of operations & retained earnings, and cash flows for the year 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Fox & Henry, Inc as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the basic financial statements, but it 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 statement taken as a whole and in conformity with rules of the Securities and Exchange Commission.

George Korbakes & Co., L.L.P.

Burr Ridge, Illinois

February 20, 2001

Member: American Institute of Certified Public Accountants and Illinois CPA Society

FOX & HENRY, INC.
BALANCE SHEET
DECEMBER 31, 2001

ASSETS

CURRENT ASSETS	
Cash	\$ 19,530
Money market funds	<u>36,424</u>
Total	<u>55,954</u>
OTHER ASSETS	
Security deposit	<u>1,078</u>
Total	<u>1,078</u>
Total Assets	\$ <u>57,032</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	
Accounts payable	\$ 344
Accrued salary	<u>441</u>
Total	<u>785</u>
STOCKHOLDERS' EQUITY	
Common Stock; no par value; 1,000 shares authorized, 500 issued	1,000
Additional paid-in capital	7,000
Retained earnings	<u>48,247</u>
Total	<u>56,247</u>
Total Liabilities and Stockholders' Equity	\$ <u>57,032</u>

See Accountants Audit Report

FOX & HENRY, INC.
STATEMENT OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEAR DECEMBER 31, 2001

Commission Income	\$ <u>193,098</u>
Operating Expenses	
Commissions	157,462
Salaries	60,686
Payroll taxes	5,120
Licenses and regulatory fees	5,586
Legal and accounting	3,000
Rent	22,151
Office supplies and expense	651
Telephone	2,577
Printing and postage	2,364
Outside services	3,892
Insurance	34,020
Travel and entertainment	1,519
Dues and publications	3,199
Advertising	56
Utilities	1,834
Contributions	71
Office overhead reimbursed	(<u>107,065</u>)
 Total	 <u>197,123</u>
 Loss from operations	 (4,025)
 Other income – interest	 <u>1,581</u>
Net loss	(2,444)
Retained earnings at beginning of year	<u>50,691</u>
Retained earnings at end of year	<u><u>48,247</u></u>

See Accountants Audit Report

FOX & HENRY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR DECEMBER 31, 2001

Cash Flows Provided by Operating Activities	
Collections from customers	\$ 300,163
Cash paid to suppliers	<u>(301,181)</u>
 Net Cash Used by Operating Activities	 <u>(1018)</u>
Cash Flows Used In Investing Activities:	
Interest received	<u>1,581</u>
Net Cash Provided By Investing Activities	<u>1,581</u>
 Net Increase in Cash	 563
 Cash at beginning of year	 <u>55,391</u>
Cash at end of year	\$ <u><u>55,954</u></u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities	
Net loss	(2,444)
Less: Interest income	(1,581)
Adjustments to reconcile net loss to net cash used by operating activities:	
Decrease in accounts receivable	39,669
Decrease in prepaid expenses	2,490
Decrease in other assets	1,044
Decrease in accounts payable	(39,440)
Decrease in accrued liabilities	<u>(756)</u>
 Net Cash Used by Operating Activities	 \$ (<u>1,018</u>)

See Accountants Audit Report

FOX & HENRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

1. BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

Business

Fox & Henry, Inc. was incorporated on September 8, 1981, and is a broker/dealer selling direct participation interests in mutual funds and real estate, oil and gas partnerships on a commission basis.

Revenue Recognition

Commission income is recognized on a trade-date basis.

Income Taxes

The Company has elected to be taxed as a small business corporation and, therefore, all income is taxed directly to its shareholders for Federal Income Tax purposes. For state tax purposes no provision for Illinois Replacement Tax has been included.

Policy of Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months.

2. COMMITMENTS

The Company leases office space under a non-cancelable lease expiring May 31, 2002.

Minimum future rental payments under non-cancelable operating leases are as follows:

2002	\$ <u>5,390</u>
Total Minimum Future Rental Payments	\$ <u>5,390</u>

FOX & HENRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

3. RELATED PARTY TRANSACTIONS

The shareholders of the Company are general partners in certain real estate partnerships, which are operated out of the Company's office facility. The Company was reimbursed \$107,065 by the related partnerships for office overhead.

4. RECONCILIATION OF NET CAPITAL

Net Capital - Financial and Operational Combined Uniform Single Report As of December 31, 2001	\$ <u>53,465</u>
Net Capital - Financial Report	\$ <u>56,247</u>
Difference	\$ <u>2,782</u>

SUPPLEMENTARY INFORMATION





**INDEPENDENT AUDITORS' REPORT
ON THE INTERNAL CONTROL STRUCTURE**

To the Stockholders and the Board of Directors
Fox & Henry, Inc.

We have examined the financial statements of Fox & Henry, Inc. For the year ended December 31, 2001 and have issued our report thereon dated February 20, 2002. As part of our examination, we made a study and evaluation of the Company's internal control structure to the extent we considered necessary to evaluate the structure as required by generally accepted auditing standards. The purpose of our study and evaluation, which included obtaining an understanding of the accounting system, was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the financial statements.

Also as required by Rule 17a-5(g) (1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by Fox & Henry, Inc. That we considered relevant to the objectives stated in SEC Rule 17a(g), (l) in making the periodic computations of net capital under SEC Rule 17a-3(a) (11).

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 control 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. The objectives of a 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. SEC Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Member: American Institute of Certified Public Accountants and Illinois CPA Society

Independent Auditor's Report on the
Internal Control Structure (Continued)

Because of inherent limitations in any internal accounting control procedures or the practices and procedures referred to above, errors or irregularities may nevertheless 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 degree of compliance with them may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Fox & Henry, Inc. taken as a whole. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

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 their 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 our study, we believe that the Company's practices and procedures were adequate at December 31, 2001, to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the National Association of Securities Act of 1934, and should not be used for any other purpose.

George Korbakes & Co., L.L.P.

Burr Ridge, Illinois

February 20, 2002

3/91

(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 25

NAME OF BROKER-DEALER

SEC FILE NO.

Fox & Henry, Inc. 13

8-26883 14

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

FIRM ID. NO.

455 S. Frontage Road 20

0911 15

(No. and Street)

FOR PERIOD BEGINNING (MM/DD/YY)

Burr Ridge 21

IL 22

60527 23

01-01-2001 24

(City)

(State)

(Zip Code)

AND ENDING (MM/DD/YY)

12-31-2001 25

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

(Area Code)—Telephone No.

William E. Fox 30

(630) 325-4445 31

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

OFFICIAL USE

32

33

34

35

36

37

38

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 20 day of February 2002

Manual signatures of:

1) [Signature] 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))

8A-010210-J IIA
FOX & HENRY, INC.
INGRID CHRYBIR
6428 JOLIET ROAD,
COUNTRYSIDE
IL 60525

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

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

George Korbakes & Co. L.L.P.

70

ADDRESS Number and Street City State Zip Code

745 McClintock Dr. Ste 210 Burr Ridge IL 60527

71

72

73

74

Check One

(X) Certified Public Accountant

75

FOR SEC USE

() Public Accountant

76

() Accountant not resident in United States or
any of its possessions

77

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

BROKER OR DEALER

Fox & Henry, Inc.

N 3

100

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

as of (MM/DD/YY) 12/31/2001

SEC FILE NO. 8-26883

Consolidated

Unconsolidated

99

98

198

199

ASSETS

Allowable

Non-Allowable

Total

1. Cash	\$ 54250	200	\$ 54250	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	\$ 130			
B. At estimated fair value		440	610	860
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:				
A. Exempted securities	\$ 150	460	630	880
B. Other securities	\$ 160			
7. Secured demand notes, market value of collateral:				
A. Exempted securities	\$ 170	470	640	890
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	2782	735
12. TOTAL ASSETS	\$ 54250	540	\$ 2782	740
			\$ 2782	930
			\$ 57032	940

OMIT PENNIES

BROKER OR DEALER

Fox & Henry, Inc.

as of 12-31-2001

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	785 1155	1355	785 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	\$ 785 1230	\$ 1450	\$ 785 1760

Ownership Equity

21. Sole proprietorship		\$ 1770
22. Partnership (limited partners)	\$ 1020	1780
23. Corporation:		
A. Preferred stock		1791
B. Common stock		1792
C. Additional paid-in capital	1000	1793
D. Retained earnings	7000	1794
E. Total	48247	1795
F. Less capital stock in treasury	56247	1796
24. TOTAL OWNERSHIP EQUITY		\$ 56247 1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY		\$ 57,032 1810

OMIT PENNIES

PART IIA

BROKER OR DEALER

Fox & Henry, Inc.

as of 12-31-2001

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition	\$	56,247	3480
2. Deduct ownership equity not allowable for Net Capital	19	()	3490
3. Total ownership equity qualified for Net Capital		56,247	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	\$	56,247	3530
6. Deductions and/or charges:			
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	17	\$ 2,782	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
7. Other additions and/or allowable credits (List)		(2,782)	3620
8. Net capital before haircuts on securities positions	20	\$ 53,465	3630
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
10. Net Capital		\$ 53,465	3740
			3750

OMIT PENNIES

BROKER OR DEALER **Fox & Henry, Inc.**

as of 12-31-2001

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19)	\$	52	3758
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)	\$	48,465	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$	53,386	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.L. liabilities from Statement of Financial Condition	\$	785	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	3830
19. Total aggregate indebtedness	\$	785	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	%	1	3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%	99	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	3880
24. Net capital requirement (greater of line 22 or 23)	\$	3760	3760
25. Excess net capital (line 10 less 24)	\$	3910	3910
26. Net capital in excess of:			
5% of combined aggregate debit items or \$120,000	\$	3920	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.

BROKER OR DEALER Fox & Henry, Inc.

For the period (MMDDYY) from 01/01/2001 3932 to 12/31/2001 3933
Number of months included in this statement 12 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		193,098 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		3970
6. Commodities revenue		3990
7. Fees for account supervision, investment advisory and administrative services		3975
8. Other revenue		1,581 3995
9. Total revenue	\$	194,679 4000

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		157,462 4140
13. Interest expense		4075
a. Includes interest on accounts subject to subordination agreements		4070
14. Regulatory fees and expenses		5,586 4195
15. Other expenses		34,075 4100
16. Total expenses	\$	197,123 4200

NET INCOME

17. Net income (loss) before Federal income taxes and items below (Item 9 less Item 16)	\$	(2,444) 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		4238
21. Cumulative effect of changes in accounting principles		4225
22. Net income (loss) after Federal income taxes and extraordinary items	\$	(2,444) 4230

MONTHLY INCOME

23. Income (current month only) before provision for Federal income taxes and extraordinary items	\$	4211
---	----	------

BROKER OR DEALER Fox & Henry, Inc.

For the period (MMDDYY) from 01/01/2001 to 12/31/2001

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

1. Balance, beginning of period	\$	53,803	4240
A. Net income (loss)		2,444	4250
B. Additions (Includes non-conforming capital of	\$	4262	4260
C. Deductions (Includes non-conforming capital of	\$	4272	4270
2. Balance, end of period (From item 1800)	\$	56,247	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

PART IIIA

BROKER OR DEALER Fox & Henry, Inc.

as of 12/31/2001

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 capital category as per Rule 15c3-1 4550
- B. (k) (2)(A)—“Special Account for the Exclusive Benefit of customers” maintained 5000. Required see attached 4560
- C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm 4335 4570
- D. (k) (3)—Exempted by order of the Commission 4580

FOX & HENRY, INC.
ADDENDUM TO QUESTION 25
FOCUS PART IIA
FORM X-17A-5
DECEMBER 31, 2001

We sell partnership interests in real estate, oil and gas partnerships on a commission basis. We do not collect any cash, which is paid by customer directly to issuing partnership. Neither do we hold any securities for customers. However, we have established a segregated cash account for the exclusive benefit of customers. Due to the nature of our business, the only transaction ever recorded in this account was the opening deposit.