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

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ANNUAL AUDITED REPORT

FORM X-17A-5 (A)
PART III

SEC FILE NUMBER
8-42731

FACING PAGE

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

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:

Franklin Street Securities, Inc.

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

1450 Raleigh Road, Suite 300

(No. and Street)

Chapel Hill

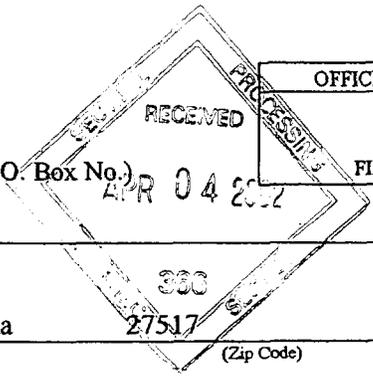
(City)

North Carolina

(State)

27517

(Zip Code)



OFFICIAL USE ONLY
FIRM ID. NO

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

Carol E. Manzon

(919) 403-3000

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

McGladrey & Pullen, LLP

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

III James Center, 10th floor
1051 East Cary Street

(Address)

Richmond

(City)

Virginia

(State)

23219

(Zip Code)

PROCESSED
APR 15 2002
THOMSON FINANCIAL

CHECK ONE:

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

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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)

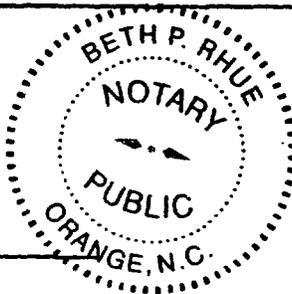
084-15

OATH OR AFFIRMATION

I, Robert C. Eubanks, Jr, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Franklin Street 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:

N/A



Signature of Robert C. Eubanks, Jr. Title: President

Beth P. Rhue Notary Public Commission expiration: October 6, 2003

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 Auditor's Report on Internal Control.

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

**COMPUTATION OF AGGREGATE INDEBTEDNESS AND NET CAPITAL
PURSUANT TO SEC RULE 15c3-1**

December 31, 2001

NET CAPITAL	
Stockholder's Equity	<u>\$ 669,287</u>
Nonallowable Assets:	
Prepaid expenses	4,051
Excess deposit at clearing agent	906
Other deductions and charges	<u>20,000</u>
Total nonallowable assets and other charges	<u>24,957</u>
Net capital before haircuts on securities	644,330
Haircuts on Securities Positions	<u>3,699</u>
Net capital	<u><u>\$ 640,631</u></u>
AGGREGATE INDEBTEDNESS	
Accounts payable and accrued liabilities	\$ 254,201
Income taxes payable, parent company	4,447
State income taxes payable	<u>5,147</u>
	<u><u>\$ 263,795</u></u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS	
Minimum net capital required (the greater of \$5,000 or 6 2/3 percent of aggregate indebtedness)	<u>\$ 17,586</u>
Excess net capital	<u><u>\$ 623,045</u></u>
Ratio of aggregate indebtedness to net capital	<u><u>0.41 to 1</u></u>

Note: The above computation does not materially differ from the computation of net capital under rule 15c3-1 as of December 31, 2001 filed by Franklin Street Securities, Inc. on Form X17-A5. Accordingly, no reconciliation is deemed necessary.