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

UF  
7-31-02

SEC FILE NUMBER  
8 30673

SECURITIES AND EXCHANGE COMMISSION  
RECEIVED

**FACING PAGE**

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

AUG 16 2002

REPORT FOR THE PERIOD BEGINNING 1/1/2001 AND ENDING 12/31/2001  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

**NAME OF BROKER-DEALER:**

First Liberties Securities, Inc.  
D/B/A First Liberties Financial  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY  
FIRM ID. NO.

8211 5th Avenue

(No. and Street)

Brooklyn New York 11209  
(City) (State) (Zip Code)

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

Harvey Reichenthal (718) 748-3250  
(Area Code -- Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

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

1092 Beach 12th Street Far Rockaway New York 11691  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

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

PROCESSED

AUG 01 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).

UF  
7-31-02

OATH OR AFFIRMATION

I, Harvey Reichenenthal, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of First Liberties Financial, as of December 31, 2001, ~~19~~, 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:

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

MARTHA SIGNORILE  
Notary Public, State of New York  
Qualified in Kings County  
No. 0154407089  
Commission Expires Oct. 31, 2002

Martha Signorile  
Notary Public

Harvey Reichenenthal  
Signature  
President  
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).

# FIRST LIBERTIES SECURITIES, INC

NEW YORK, NEW YORK

## D/B/A/ FIRST LIBERTIES FINANCIAL

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FINANCIAL STATEMENTS

DECEMBER 31, 2001

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MILTON BIRON  
CERTIFIED PUBLIC ACCOUNTANT

1092 BEACH 12<sup>TH</sup> STREET  
FAR ROCKAWAY, N.Y. 11691

FIRST LIBERTIES SECURITIES, INC.  
D/B/A/ FIRST LIBERTIES FINANCIAL  
FINANCIAL STATEMENTS

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MILTON BIRON  
CERTIFIED PUBLIC ACCOUNTANT  
1092 BEACH 12TH STREET  
FAR ROCKAWAY, N.Y. 11691

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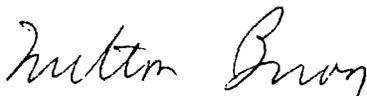
FA 7- 3477

First Liberties Securities, Inc.  
D/B/A First Liberties Financial  
8211 5th Avenue  
Brooklyn, New York 11209

I have examined the statement of financial position of First Liberties Securities, Inc. as of December 31, 2001 and the related statements of operations, retained earnings, and statement of changes in financial position for the period Jan. 1, 2001 to December 31, 2001. My examination was made in accordance with generally accepted auditing standards and, accordingly included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

In my opinion, the financial statements referred to above present fairly the financial position of First Liberties Securities, Inc. and changes in financial position, as of December 31, 2001 and the results of its operations for the period then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

My examination 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 purpose of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the examination of the basic financial statements, and, in my opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Milton Biron  
Certified Public Accountant  
Far Rockaway, New York 11691  
January 31, 2002

FIRST LIBERTIES SECURITIES, INC.  
D/B/A FIRST LIBERTIES FINANCIAL  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2001

ASSETS

CURRENT ASSETS

Cash	3,268
Commissions Receivable (Note 2)	7,911
Interest Receivable	76
Marketable Securities at Market Value (Note 3)	<u>382,120</u>

Total Current Assets 393,375

PROPERTY, PLANT, AND EQUIPMENT, net of  
Accumulated Depreciation of 3,015 (Note 4)

0

OTHER ASSET -- Deposit (Note 5)

25,000

NASD PRIVATE PLACEMENT

20,100

TOTAL ASSETS

438,475

LIABILITIES & EQUITY

CURRENT LIABILITIES

Accounts Payable	175,728
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Total Current Liabilities

175,728

EQUITY

Common Stock (1,000 shares par \$10.00 authorized, issued and outstanding)	10,000
Additional Paid In Capital	25,000
Retained Earnings	<u>227,747</u>

Total Equity

262,747

TOTAL LIABILITIES & EQUITY

438,475

SEE ACCOUNTANT'S EXAMINATION REPORT AND  
ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FIRST LIBERTIES SECURITIES, INC.  
D/B/A FIRST LIBERTIES FINANCIAL  
STATEMENTS OF OPERATIONS  
TWELVE MONTHS ENDED DECEMBER 31, 2001

INCOME 181,773

COSTS AND EXPENSES

Corporate taxes	1,213
Commissions	53,847
Promotions	1,289
Repairs & maintenance	4,958
Margin interest	11
Bank charges	73
Licenses & Fees	2,132
Insurance	13,254
Communications	12,385
Utilities	5,580
Rent	4,094
Office	4,467
Professional	1,600
Postage	182

Total Costs and Expenses 105,085

NET INCOME 76,688

SEE ACCOUNTANT'S EXAMINATION REPORT AND  
ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FIRST LIBERTIES SECURITIES, INC.  
D/B/A FIRST LIBERTIES FINANCIAL  
STATEMENT OF RETAINED EARNINGS  
TWELVE MONTHS ENDED DECEMBER 31, 2001

<u>RETAINED EARNINGS</u> , December 31, 1999	151,059
NET INCOME	76,688
<u>RETAINED EARNINGS</u> , December 31, 2000	<u>227,747</u>

SEE ACCOUNTANT'S EXAMINATION REPORT AND  
ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FIRST LIBERTIES SECURITIES, INC.  
D/B/A FIRST LIBERTIES FINANCIAL  
STATEMENT OF CASH FLOW  
DECEMBER 31, 2001

SOURCES OF FUNDS

Net Profit 76,688

USES OF FUNDS

0

NET INCREASE IN WORKING CAPITAL 76,688

CHANGES IN WORKING CAPITAL BY COMPONENT

CURRENT ASSETS INCREASE (DECREASE)

Cash (61,211)  
Commissions Receivable 4,647  
Interest Receivable (140)  
Marketable Securities 210,898

Total Change in Current Assets 154,194

CURRENT LIABILITIES (INCREASE) DECREASE

Accounts Payable (77,506)

Total Change in Current Liabilities (77,506)

NET INCREASE IN WORKING CAPITAL 76,688

FIRST LIBERTIES SECURITIES, INC.  
D/B/A FIRST LIBERTIES FINANCIAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 1- ACCOUNTING POLICIES

A summary of significant accounting policies follows:

THE COMPANY- First Liberties Securities, Inc. was incorporated in New York State on October 5, 1983. The corporation is 100 % owned by Harvey Reichenthal. The firm's major activity is Investment Brokerage.

MARKETABLE SECURITIES- Marketable securities are valued at the lower of cost or market value.

METHOD OF ACCOUNTING- The accompanying financial statements are prepared on the accrual basis of accounting.

ALLOWANCE FOR BAD DEBTS- Since its inception the company has not had any bad debts.

NOTE 2 - COMMISSIONS RECEIVABLE

The commissions receivable represent monies due from various customers. None of the receivables were greater than thirty days old.

NOTE 3- MARKETABLE SECURITIES

At December 31, 2001 the market value of current marketable equity securities increased from their aggregate cost by \$133,425.77. Results of operations for 2001 included a net unrealized gain in that amount.

SEE ACCOUNTANT'S EXAMINATION REPORT AND  
ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FIRST LIBERTIES SECURITIES, INC.  
D/B/A FIRST LIBERTIES FINANCIAL  
NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2001

NOTE 4- FIXED ASSETS

Office Furniture and Equipment cost \$3015 and was fully depreciated over a 3 year estimated useful life.

NOTE 5- DEPOSIT

Deposit consists of the following :

PERSHING- a division of  
Donaldson, Lufkin & Jenrette Securities Corporation-  
Security Dealers

25,000

NOTE 6- LEASING ARRANGEMENTS

The Company conducts its business from facilities owned by the Corporation's President, Harvey Reichenthal. Rent expense for the twelve months ended December 31, 2000 was \$4,094

FIRST LIBERTIES SECURITIES, INC.  
D/B/A FIRST LIBERTIES FINANCIAL  
INFORMATION RELATING TO THE POSSESSION OF CONTROL REQUIRMENTS  
DECEMBER 31, 2001

First Liberties Securities, Inc. activities are limited under k2b. First Liberties Financial acts as a introducing broker or dealer and forwards all transactions of its customers to a clearing broker (Pershing) or dealer on a fully disclosed basis, provided that such clearing broker or dealer reflects such transactions on its books and records in accounts it carries in the names of such customers and that introducing broker or dealer does not hold funds or securities for, or owe funds or securities to customers other than funds and securities promptly forwarded to the clearing broker or dealer of the customer.

FIRST LIBERTIES SECURITIES, INC.  
D/B/A FIRST LIBERTIES FINANCIAL  
COMPUTATION OF NET CAPITAL  
DECEMBER 31, 2001

Total Ownership Equity From Statement of Financial Condition	262,747
Deduct Ownership Equity Not Allowable for Net Capital	0
Total Ownership Equity Qualified for Net Capital	262,747
Less: Total Nonallowable Assets	0
Less : Total Haircut	<u>72,880</u>
NET CAPITAL	<u>189,867</u>

FIRST LIBERTIES SECURITIES, INC.  
D/B/A FIRST LIBERTIES FINANCIAL  
COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS  
DECEMBER 31, 2001

Minimum Net Capital Required (6 2/3% of indebtedness) 6,541	11,715
Minimum Dollar Net Capital Requirement of reporting broker or dealer	100,000
Net Capital Required (greater of the above)	100,000
Excess Net Capital (net Capital Less Net Capital Requirements)	89,867
Excess of Net Capital at 1000%. (net Capital Less 10% of total indebtedness)	<u>172,294</u>

FIRST LIBERTIES SECURITIES, INC.  
D/B/A FIRST LIBERTIES FINANCIAL  
DECEMBER 31, 2001

Stockholders Equity, December 31, 1999 186,059

Net Profit for 2000 76,688

Stockholders Equity, December 31, 2000 262,747

RECONCILIATION BETWEEN NET CAPITAL AND 15C3-3 RESERVE  
REQUIREMENTS

There exists no material difference between the audited computation of Net Capital and their computation of 15c3-3 Reserve Requirements.

STATEMENT OF THE ADEQUACY OF THE ACCOUNTING SYSTEMS

There exists no material inadequacy in the Accounting System, Internal Accounting Control, and Procedures for Safeguarding Securities.