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

SEC FILE NUMBER  
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Rec'd  
7/18/02

**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 11/10/01 AND ENDING 12/31/01  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

DCC Securities Corp.

OFFICIAL USE ONLY  
FIRM ID. NO.

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

(No. and Street) \_\_\_\_\_  
(City) \_\_\_\_\_ (State) \_\_\_\_\_ (Zip Code) \_\_\_\_\_

REC'D B.E.C.  
JUL 08 2002  
535

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

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

John P. Comparato CPA

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

(Address) \_\_\_\_\_ (City) \_\_\_\_\_ (State) \_\_\_\_\_ (Zip Code) \_\_\_\_\_

CHECK ONE:

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

**PROCESSED**

JUL 19 2002

p  
**THOMSON  
FINANCIAL**

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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).

U# 7-18-02

SECURITIES AND EXCHANGE COMMISSION  
RECEIVED

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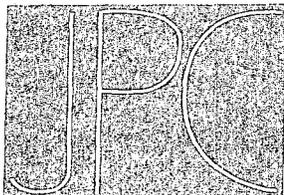
DIVISION OF MARKET REGULATION

**DCC SECURITIES CORP.**  
**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2001**

**DCC SECURITIES CORP.  
INDEX**

**DECEMBER 31, 2001**

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JOHN P. COMPARATO C.P.A., P.C.

February 13, 2002

To the Board of Directors  
DCC Securities Corp.

We have audited the accompanying statements of financial condition of DCC Securities Corp. as of December 31, 2001, and the related statements of operations, stockholder's equity 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 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 conformity with generally accepted accounting principles, the financial position of DCC Securities Corp. as of December 31, 2001, the results of its operations and cash flows for the year then ended.

Our audit was made for the purpose of forming an opinion on the basic financial statements, taken as a whole of DCC Securities Corp. The supplemental information 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 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the examination 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.

  
John P. Comparato

DCC SECURITIES CORP.

STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2001

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents \$ 51,910  
Prepaid Expenses and Taxes 9,601

-----  
61,511

FIXED ASSETS

Net of Accumulated Depreciation of \$ 78,160 4,419

OTHER ASSETS

20,233

TOTAL ASSETS

-----  
\$ 86,163  
=====

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable \$ 25,682  
Accrued Expenses 9,667

-----  
35,349

OTHER LIABILITIES

Subordinated Loan Payable 100,000

STOCKHOLDER'S EQUITY

Common Stock - \$1 par value,  
2000 shares authorized  
1000 shares issued and outstanding 1,000  
Additional Paid-In Capital 117,688  
Retained Earnings <167,874>

-----  
<49,186>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY

-----  
\$ 86,163  
=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**DCC SECURITIES CORP.**

**STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

<b>REVENUE</b>	
Commissions	397,593
Other Income	4,480
Interest Income	22,242
	-----
<b>TOTAL REVENUE</b>	<b>424,315</b>
	-----
 <b>EXPENSES</b>	
Employee Compensation and Benefits	379,738
Occupancy Costs	59,444
Travel & Entertainment Expenses	37,233
Insurance Expense	7,663
Interest Expense	8,343
Professional Fees	7,136
Regulatory Expense	4,761
Other Operating Expenses	44,153
	-----
<b>TOTAL EXPENSES</b>	<b>548,471</b>
	-----
<b>NET LOSS</b>	<b>&lt;124,156&gt;</b>
	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

DCC SECURITIES CORP.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Common Stock</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>
Balance, January 1, 2001	\$ 1,000	\$ 19,033	\$ <43,718>
Net Income <Loss>	--	--	<124,156>
Capital Contributions	--	98,655	--
	-----	-----	-----
Balance, December 31, 2001	<u>\$ 1,000</u>	<u>\$ 117,688</u>	<u>\$ &lt;167,874&gt;</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**DCC SECURITIES CORP.**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

<b>OPERATING ACTIVITIES</b>	
Net Loss	\$ <124,156>
Adjustments to reconcile net income to net cash used by operating activities:	
Depreciation	7,526
Changes in Operating Assets and Liabilities:	
Increase in Accounts Payable and Accrued Expenses	6,297
Decrease in Other Assets	6,695
Decrease in Prepaid Expenses and Advances	1,552
	-----
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>&lt;102,086&gt;</b>
	-----
<b>FINANCING ACTIVITIES:</b>	
Capital Contributions	98,655
	-----
<b>NET DECREASE IN CASH</b>	<b>&lt;3,431&gt;</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>55,341</b>
	-----
<b>CASH AT END OF PERIOD</b>	<b>\$ 51,910</b>
	=====

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS**

**DCC SECURITIES CORP.**

**STATEMENT OF CHANGES IN LIABILITIES<sup>1</sup>  
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

SUBORDINATED LIABILITIES AT JANUARY 1, 2001	\$ 100,000
INCREASE IN SUBORDINATED LIABILITIES	--
SUBORDINATED LIABILITIES AT DECEMBER 31, 2001	<u>\$ 100,000</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

DCC SECURITIES CORP.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 1 -- GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

DCC Securities Corp. (Company) is registered as a broker and dealer in securities under the Securities Exchange Act of 1934.

The Company acts as a broker-dealer that clears transactions on a fully disclosed basis and does not carry customer accounts and is exempt from Securities and Exchange Commission Rule 15c3-3 under paragraph k(2)(i).

The following is a summary of significant accounting policies followed by the Company:

- a. Accounting Method  
Assets, liabilities, income and expenses are recorded on the accrual basis of accounting.
- b. Depreciation  
Fixed assets are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

NOTE 2 – LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

The borrowings under subordination agreements at December 31, 2001 are listed below:

Subordinated notes, 8.5%, due January 31, 2003 - \$25,000  
Subordinated notes, 8.5%, due January 31, 2003 - \$25,000  
Subordinated notes, 8.5%, due January 31, 2003 - \$50,000

The subordinated borrowings are covered by agreements approved by the National Association of Securities Dealer, Inc. and are thus available in computing net capital under the Securities and Exchange Commission's uniform net capital rule.

NOTE 3 – FIXED ASSETS

On December 31, 2001, Fixed Assets consists of the following:

	<u>Estimated Useful Life</u>	
Furniture & Fixtures	7 years	\$25,109
Office Equipment	5 years	57,470
		-----
		82,579
Less: Accumulated Depreciation:		78,160
		-----
		\$ 4,419
		=====

Depreciation expense for the year ended December 31, 2001 was \$7,526.

**DCC SECURITIES CORP.**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

**NOTE 4 – NET CAPITAL REQUIREMENTS**

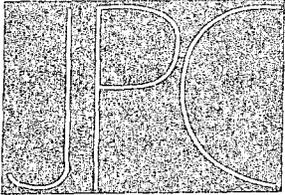
The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2001, the Company had net capital of \$15,716, which was \$10,716 in excess of the amount required. The Company's ratio of aggregate indebtedness to net capital was .78 to 1.

**DCC SECURITIES CORP.**

**COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2001**

<b>NET CAPITAL</b>	
Total Ownership Equity	\$ <49,186>
Add:	
Liabilities Subordinated to Claims of General Creditors Allowable in Computation of Net Capital	100,000
Other (Deductions) or Allowable Credits	--
	-----
<b>Total Capital and Allowable Subordinated Liabilities</b>	<b>50,814</b>
Deductions and /or Charges:	
Non-allowable Assets	34,253
	-----
Net Capital Before Haircuts on Securities Positions	16,561
Haircuts on Securities Positions	845
	-----
<b>Net Capital</b>	<b>\$ 15,716</b>
	=====
<b>AGGREGATE INDEBTEDNESS</b>	
Items Included in the Statement of Financial Condition:	
Accounts Payable and Accrued Expenses	35,349
	=====
<b>COMPUTATION OF BASIC NET CAPITAL REQUIREMENT</b>	
Minimum Net Capital Required	5,000
	=====
Excess Net Capital @ 1000%	12,181
	=====
Ratio: Aggregate Indebtedness to Net Capital	.78 to 1

There is no difference between this audited computation of net capital and that included in the Company's unaudited December 31, 2001 Focus Part II A filing.



JOHN P. COMPARATO C.P.A., P.C.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING  
CONTROL REQUIRED BY SEC RULE 17A-5**

To The Board of Directors  
DCC Securities Corp.

We have examined the financial statements of DCC Securities Corp. for the year ended December 31, 2001 and have issued our report therein dated February 13, 2002. As part of our examination, we made a study and evaluation of the Company's system of internal accounting control (which includes the procedures for safeguarding securities) to the extent we considered necessary to evaluate the system 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.

We also made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a) (11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining a system of internal accounting control and 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 control procedures and practices and procedures referred to in the preceding paragraph to assess whether those practices and procedures can be expected to achieve the Commission's

above-mentioned objectives. The objectives of a system 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 the unauthorized use of 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 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 period 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 weakness in the system. Accordingly, we do not express an opinion on the system of internal accounting control of DCC Securities Corp. 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 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 Commission's objectives.

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

*John V. Conquest*