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STATES
CHANGE COMMISSION
D.C. 20549

02053166

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

SEC FILE NUMBER
8 - 43472

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

FV 12/6/02

REPORT FOR THE PERIOD BEGINNING 10/01/01 AND ENDING 09/30/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
Powell Capital Markets, Inc.

em entered on 10/27/02

OFFICIAL USE ONLY
FIRM ID. NO.

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

Roseland New Jersey 07068
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Arthur F. Powell (973) 740-1230
(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Rothstein, Kass & Company, P.C.

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

85 Livingston Avenue Roseland New Jersey 07068
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED
DEC 10 2002

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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)

02129

OATH OR AFFIRMATION

I, Arthur F. Powell, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Powell Capital Markets, Inc., as of September 30, 2002, 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:

Does Not Apply

Sworn to and subscribed before me this 25th day of NOV 20 02.

Arthur Powell

Signature

President

Title

Romane Gold

ROMANE GOLD

NOTARY PUBLIC OF NEW JERSEY

MY COMMISSION EXPIRES DEC. 11, 2006

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 accounting control.
(p) Schedule of segregation requirements and funds in segregation--customers' regulated commodity futures account pursuant to Rule 171-5.

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

POWELL CAPITAL MARKETS, INC.

STATEMENT OF FINANCIAL CONDITION

September 30, 2002

ASSETS

Cash and cash equivalent	\$ 331,245
Receivable from clearing broker	25,068
Prepaid expenses	2,567
Deferred tax asset	12,000
Office furniture and equipment, less accumulated depreciation of \$40,497	<u>8,985</u>
	<u>\$ 379,865</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities

Profit sharing plan payable	\$ 24,000
Other	<u>79,971</u>
Total liabilities	<u>103,971</u>

Commitment

Stockholder's equity

Common stock, no par value, authorized 1,000 shares, issued and outstanding 400 shares	40,000
Additional paid-in capital	261,500
Accumulated deficit	<u>(25,606)</u>
Total stockholder's equity	<u>275,894</u>
	<u>\$ 379,865</u>