



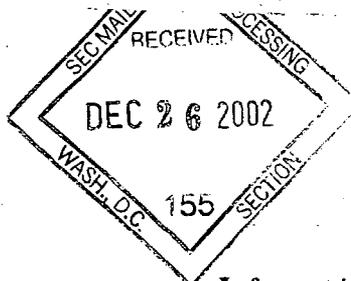
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1/7/2003

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

TC 12/30/02
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**ANNUAL AUDITED REPORT
FORM X-17A-5 (A)
PART III**

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 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.)

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

JAN 13 2003

**THOMSON
FINANCIAL**

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SEC 1410 (3-91)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Harvey Reichenthal, 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, 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. 01S1407083
Commission Expires Oct. 31, 2002

Harvey Reichenthal

Signature

President

Title

Martha Signorile
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.

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

FIRST LIBERTIES SECURITIES, INC

D/B/A/ FIRST LIBERTIES FINANCIAL

FINANCIAL STATEMENTS

DECEMBER 31, 2001

**MILTON BIRON
CERTIFIED PUBLIC ACCOUNTANT**

**1092 BEACH 12TH 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

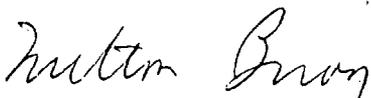
FA 7-3477

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

<u>INCOME</u>	<u>181,773</u>
<u>COSTS AND EXPENSES</u>	
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
	<u> </u>
	<u> </u>
Total Costs and Expenses	<u>105,085</u>
<u>NET INCOME</u>	<u>76,688</u>

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 REQUIREMENTS
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	<u>76,688</u>
Stockholders Equity, December 31, 2000	<u>262,747</u>

RECONCILIATION BETWEEN NET CAPITAL AND 15C3-3 RESERVE REQUIREMENTS

There exists no material difference between the audited computation of Net Capital and the 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.