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SECURITIES 03001588 SION
Washington, D.C. 20549

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

SEC FILE NUMBER
8- 37309

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 01/01/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

CP CAPITAL SECURITIES, INC.

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

1000 BRICKELL AVENUE

(No. and Street)

MIAMI

FLORIDA

33131

(City)

(State)

(Zip Code)

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

GEORGE TEN POW

(305) 702-5525

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PERLESS, ROTH, JONAS, MITTELBERG & HARTNEY, CPA's, P.A.

(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

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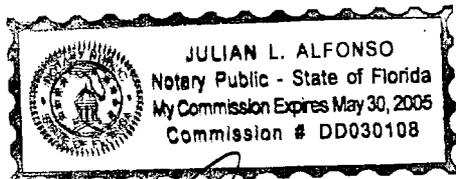
THOMSON
FINANCIAL

FOR OFFICIAL USE ONLY

*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).

OATH OR AFFIRMATION

I, HAROLD L. CONNELL, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CP CAPITAL SECURITIES, INC., as of DECEMBER 31, 192002, 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:



[Signature]
Notary Public

[Signature]
Signature
PRESIDENT / CEO
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).

CP CAPITAL SECURITIES, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2002

PERLESS, ROTH, JONAS, MITTELBERG & HARTNEY, CPA'S, P.A.

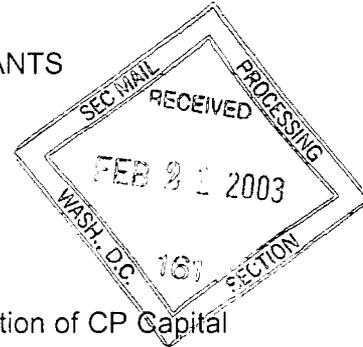
CERTIFIED PUBLIC ACCOUNTANTS
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JOHN C. HARTNEY, C.P.A.
ERIC LEVY, C.P.A.

January 31, 2003

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
CP Capital Securities, Inc.



We have audited the accompanying statement of financial condition of CP Capital Securities, Inc. as of December 31, 2002, and the related statements of operations, stockholders' equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. 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 United States 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 all material respects, the financial position of CP Capital Securities, Inc. as of December 31, 2002, and the results of its operations and its cash flows for the year then ended, in conformity with United States generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules 1, 2 and 3 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 subject 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.

Perless, Roth, Jonas, Mittelberg & Hartney, CPA's, P.A.

PERLESS, ROTH, JONAS, MITTELBERG & HARTNEY, CPA'S, P.A.

CP CAPITAL SECURITIES, INC.STATEMENT OF FINANCIAL CONDITIONDECEMBER 31, 2002ASSETSCURRENT ASSETS

Cash in Bank	\$ 1,755	
Accounts Receivable, No Reserve Required	40,453	
Trading Securities Owned, All Marketable at Quoted Market, Original Cost - \$ 14,245	29,260	
Prepaid Expenses and Other Assets	<u>8,948</u>	
Total Current Assets		<u>\$ 80,416</u>

TOTAL ASSETS\$ 80,416LIABILITIES AND STOCKHOLDER'S EQUITYCURRENT LIABILITIES

Accounts Payable	\$ 16,720	
Accrued Salaries, Commissions, and Other Expenses	<u>33,355</u>	
Total Current Liabilities		\$ 50,075

COMMITMENTS AND CONTINGENCIESLIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

\$ -

STOCKHOLDER'S EQUITY

Common Stock - No Par Value; Authorized - 1,000 Shares; Issued - 120 Shares	\$ 8,200	
Additional Paid-in Capital	141,428	
Retained Earnings (Deficit)	<u>(119,287)</u>	
Total Stockholder's Equity		<u>30,341</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY\$ 80,416

Subject to Comments in Attached Letter and Notes to Financial Statements.

CP CAPITAL SECURITIES, INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2002

<u>REVENUES</u>		\$ 694,942
<u>OPERATING EXPENSES</u>		
Salaries, Commissions, and Related Costs	\$ 467,587	
Clearance, Quotation, and Communication Costs	84,139	
Occupancy and Other Rentals	83,500	
Taxes, Other than Income Taxes	350	
Other Operating Expenses	<u>70,959</u>	
Total Operating Expenses		<u>706,535</u>
<u>(LOSS) FROM OPERATIONS</u>		\$ (11,593)
<u>INTEREST EXPENSE</u>		<u>433</u>
<u>(LOSS) BEFORE INCOME TAXES</u>		\$ (12,026)
<u>PROVISION FOR INCOME TAXES</u>		<u>-</u>
<u>NET (LOSS)</u>		<u>\$ (12,026)</u>

Subject to Comments in Attached Letter and Notes to Financial Statements.

CP CAPITAL SECURITIES, INC.
STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings (Deficit)</u>
	<u>Shares</u>	<u>Amount</u>		
Balance - January 1, 2002	120	\$ 8,200	\$ 108,428	\$ (107,261)
Additional Capital Contributions from Stockholder	-	-	8,000	-
Conversion of Subordinated Loan Agreement to Capital	-	-	25,000	-
Net (Loss) for the Period	-	-	-	(12,026)
Balance - December 31, 2002	<u>120</u>	<u>\$ 8,200</u>	<u>\$ 141,428</u>	<u>\$ (119,287)</u>

Subject to Comments in Attached Letter and Notes to Financial Statements.

CP CAPITAL SECURITIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002

OPERATING ACTIVITIES

Net (Loss)	\$ (12,026)	
Adjustments to Reconcile Net (Loss) to Net Cash Used in Operating Activities:		
(Increase) in Unrealized Gain on Trading Securities	(15,015)	
Changes in Operating Assets and Liabilities:		
Decrease in Accounts Receivable	25,569	
(Increase) in Trading Securities Owned at Cost	(14,245)	
(Increase) in Prepaid Expenses and Other Assets	(7,882)	
(Decrease) in Bank Overdraft	(3,254)	
Increase in Accounts Payable and Accrued Expenses	<u>20,608</u>	
<u>NET CASH (USED IN) OPERATING ACTIVITIES</u>		<u>\$ (6,245)</u>

FINANCING ACTIVITIES

Conversion of Subordinated Debt to Capital	\$ (25,000)	
Additional Capital Contributions from Stockholders	<u>33,000</u>	
<u>NET CASH PROVIDED BY FINANCING ACTIVITIES</u>		<u>8,000</u>

INCREASE IN CASH

\$ 1,755

CASH AT BEGINNING OF YEAR

-

CASH AT END OF YEAR

<u>\$ 1,755</u>

SUPPLEMENTAL CASH FLOW DISCLOSURES

Interest Paid	<u>\$ 433</u>
Income Taxes Paid	<u>\$ -</u>

Subject to Comments in Attached Letter and Notes to Financial Statements.

CP CAPITAL SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed in the preparation of the financial statements. The policies are based on United States generally accepted accounting principles.

Organization and Business- The Company was incorporated under the laws of the State of Texas on February 28, 1984, for the purpose of selling investment products and securities and other services related to investment advisement, money management, or other business services. On June 7, 2001, the name was changed from U.S. Eagle Securities, Inc. to CP Capital Securities, Inc. and simultaneously the Company was reincorporated in Florida.

Customers, Broker-Dealers, Trading Inventory and Investment Balances- The Company is a registered broker-dealer and maintains its accounts on a settlement date basis; however, the accompanying financial statements are prepared on a trade date basis. The Company is an introducing broker, and as such, clears all transactions through a correspondent broker which carries all customer and company accounts and maintains physical custody of customer and company securities.

The Company does not own any restricted or investment securities at December 31, 2002.

Income Taxes - For income tax purposes, the Company maintains its accounts using the accrual method of accounting.

Use of Estimates - The financial statements have been prepared in conformity with United States generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

NOTE 2 - NET CAPITAL RULE

As a broker-dealer registered with the Securities and Exchange Commission, the Company must comply with the provisions of the Commission's "Net Capital" rules, which provide that "aggregate indebtedness", as defined, shall not exceed 15 times "Net Capital", as defined, and the "Net Capital", shall not be less than \$5,000. At December 31, 2002, the Company's "Net Capital" was in excess of its minimum requirement.

CP CAPITAL SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002

NOTE 3 - COMMITMENTS AND CONTINGENCIES

The Company entered into a rental and management agreement with an affiliated entity commencing April 1, 2001 and last modified on August 1, 2002. This agreement provides for monthly rental charges of \$7,500 and a monthly minimum of \$1,500 for management fees and other overhead charges. This agreement is on a month to month basis.

Certain quotation services and equipment are being provided under agreements which can be terminated by either party with 60 days notice.

NOTE 4 - REVENUES

A breakdown of the Revenues earned for the year ended December 31, 2002 is as follows:

Commissions	\$ 670,104
Firm Trading	21,691
Interest and Other	<u>3,147</u>
	<u>\$ 694,942</u>

NOTE 5 - ACCOUNTS RECEIVABLE

A breakdown of the Net Accounts Receivable as of December 31, 2002 is as follows:

Due from Correspondent Broker - Deposit Account	\$ 30,000
Due from Correspondent Broker - Commissions	<u>10,453</u>
	<u>\$ 40,453</u>

The deposit amount Due From Correspondent Broker represents funds in an escrow account on deposit supporting the trading activities of the Company.

CP CAPITAL SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 6 - LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

On June 12, 2001, the Company borrowed \$25,000 under an approved subordinated loan agreement. This subordinated loan had an interest rate of ten (10) percent per annum. On February 28, 2002, with the approval of the National Association of Securities Dealers, the subordinated loan was converted to capital.

NOTE 7 - TAX LOSS CARRYFORWARDS

At December 31, 2002, the Company had approximately \$116,000 of net operating loss carryforwards for federal and state income tax purposes that expire in the years through 2022.

CP CAPITAL SECURITIES, INC.
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2002

NET CAPITAL

Total Stockholders' Equity	\$	30,341
Add: Liabilities Subordinated to Claims of General Creditors		<u>-</u>
Total Capital and Allowable Subordinated Loans	\$	30,341
Less: Non-Allowable Assets and Other Deductions:		
Prepaid Expenses and Other Assets		<u>8,948</u>
Net Capital Before Haircuts on Security Positions	\$	21,393
Haircuts on Securities, Computed, where Applicable, Pursuant to 15c3-1(f)		
1. Trading and Investment Securities		
a. Other Securities	4,389	
b. Undue Concentration	<u>4,068</u>	<u>8,457</u>
Net Capital	\$	<u><u>12,936</u></u>

NOTE - There are no significant differences in the computation of adjusted net capital between the unaudited broker-dealer focus report and the audited annual report.

CP CAPITAL SECURITIES, INC.

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1

OF THE SECURITIES AND EXCHANGE COMMISSION

AS OF DECEMBER 31, 2002

AGGREGATE INDEBTEDNESS

Items Included in Statement of Financial Condition:

Accounts Payable	\$ 16,720	
Accrued Salaries, Commissions, and Other Expenses	<u>33,355</u>	
Total Aggregate Indebtedness		<u>\$ 50,075</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum Net Capital Required (6 2/3 Percent of Total Aggregate Indebtedness)		<u>\$ 3,338</u>
Minimum Net Capital Requirement		<u>\$ 5,000</u>
Excess Net Capital (Net Capital Less Net Capital Required)		<u>\$ 7,936</u>
Excess Net Capital at 1,000 Percent		<u>\$ 7,928</u>
Percentage of Aggregate Indebtedness to Net Capital		<u>387%</u>

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Non-Applicable

CP CAPITAL SECURITIES, INC.
STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS
FOR THE YEAR ENDED DECEMBER 31, 2002

Balance, Beginning of Year	\$ 25,000
Additions	-
Decreases	<u>(25,000)</u>
Balance, End of Year	<u>\$ -</u>

CP CAPITAL SECURITIES, INC.

INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS

UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION

AS OF DECEMBER 31, 2002

The Company claims an exemption from Rule 15c3-3 under Section (k) (2) (ii) in that all customer transactions clear through another broker-dealer on a fully disclosed basis. The clearing firm is Fiserv Securities, Inc..

PERLESS, ROTH, JONAS, MITTELBERG & HARTNEY, CPA'S, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
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ERIC LEVY, C.P.A.

Independent Auditor's Report on Internal
Accounting Control Required by SEC Rule 17a-5

Board of Directors
CP Capital Securities, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of CP Capital Securities, Inc. (the Company), for the year ended December 31, 2002, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. Recordation of differences required by rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining a system of internal accounting control and the 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 of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. Two (2) of the objectives of internal control 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 unauthorized use or 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 United States 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 fraud may nevertheless occur and not be detected. Also, projection of any evaluation of them to future periods 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 consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weakness as defined above.

CP Capital Securities, Inc.
Page Three

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, 2002 to meet the Commission's objectives.

This report is intended solely for the use of the Board of Directors, management, the Securities and Exchange Commission, the New York Stock Exchange, Inc., or other designated regulatory organizations and other regulatory agencies which rely on rule 17a-5 (g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers and is not intended to be and should not be used by anyone other than these specific parties.

Perless, Roth, Jonas, Mittelberg & Hartney, CPA's, P.A.

PERLESS, ROTH, JONAS, MITTELBERG & HARTNEY, CPA's, P.A.

Miami, Florida

January 31, 2003