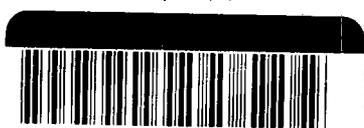


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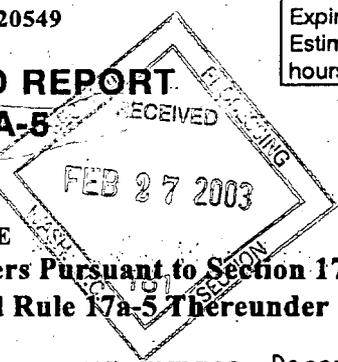


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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2004
Estimated average burden
hours per response..... 12.00

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



SEC FILE NUMBER
8-49325

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 January 1, 2002 AND ENDING December 31, 2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: MCL Financial Group, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1869 West Littleton Boulevard

(No. and Street)

Littleton

CO

80120

(City)

(State)

(Zip Code)

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

Gary Flater

303-794-8686

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Mason Russell West, LLC

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

739 West Littleton Boulevard

Littleton

CO

80120

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 13 2003

**THOMSON
FINANCIAL**

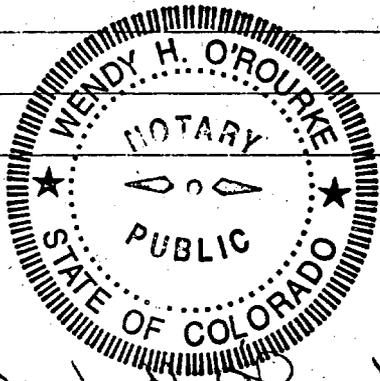
FOR OFFICIAL USE ONLY

*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)

BB
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OATH OR AFFIRMATION

I, Gary L. Flater, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MCL Financial Group, Inc., as of December 31, 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:



[Signature]
Signature

President
Title

Wendy H. O'Rourke
Notary Public
Comm. Exp. 9-8-2003

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 Proprietors' 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 15c3-3 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).

MCL Financial Group, Inc.

**Financial Statements and Report
of
Independent Certified Public Accountants**

December 31, 2002 and 2001

**MASON RUSSELL WEST, LLC
CERTIFIED PUBLIC ACCOUNTANTS**

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Mason Russell West, LLC

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e-mail: cpas@mrwllc.com

DICK MASON
RAY RUSSELL, JR

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTING SERVICES

Report of Independent Certified Public Accountants

The Board of Directors and Stockholder
MCL Financial Group, Inc.
Littleton, Colorado

We have audited the accompanying statements of financial condition of MCL Financial Group, Inc. as of December 31, 2002 and 2001, and the related statement of operations, cash flow and stockholder's equity for the two years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the 2002 and 2001 financial statements referred to above present fairly, in all material respects, the financial position of MCL Financial Group, Inc. at December 31, 2002 and 2001 and the results of its operations, cash flows and changes in stockholder's equity for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplementary schedule on page 11 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 Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit 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.

Mason Russell West, LLC

Littleton, Colorado
January 30, 2003



Member Firms in Principal Cities Around the World

MCL Financial Group, Inc.
Statements of Financial Condition
December 31, 2002 and 2001

Assets	2002	2001
Current Assets		
Cash	\$ 13,058	\$ 10,641
Restricted cash	5,000	5,000
Trade accounts receivable	61,207	47,409
Prepaid expenses	3,253	4,489
Total Current Assets	<u>82,518</u>	<u>67,539</u>
Total Assets	<u>\$ 82,518</u>	<u>\$ 67,539</u>
Liabilities and Stockholder's Equity		
Current Liabilities		
Accounts payable and accrued expenses	\$ 41,674	\$ 28,050
Deferred income tax	-	-
Income taxes payable	-	-
Total Current Liabilities	<u>41,674</u>	<u>28,050</u>
Deferred income taxes	<u>-</u>	<u>-</u>
Stockholder's Equity		
Common Stock, no par value:		
Authorized 5,000,000 shares; issued and outstanding 250,000	54,384	54,384
Preferred Stock, no par value:		
Retained earnings	<u>(13,540)</u>	<u>(14,895)</u>
Total Stockholders' Equity	<u>40,844</u>	<u>39,489</u>
Total Liabilities and Stockholder's Equity	<u>\$ 82,518</u>	<u>\$ 67,539</u>

The accompanying notes are an integral part of these statements.

MCL Financial Group, Inc.
Statements of Operations
For the Years Ended December 31, 2002 and 2001

	2002	2001
Revenues		
Commissions	\$ 831,785	\$ 846,043
Other	<u> -</u>	<u> 180</u>
Total Revenues	<u>831,785</u>	<u>846,223</u>
Expenses		
Commissions and wages	413,722	324,739
Office salaries and employee benefits	-	10,500
Other operating	<u>416,708</u>	<u>539,592</u>
Total Expenses	<u>830,430</u>	<u>874,831</u>
Net Income (Loss) Before Taxes	1,355	(28,608)
Provision for Income Taxes		
Tax benefit of net operating loss carryback	-	-
Current tax provision	<u> -</u>	<u> -</u>
Net Income Tax Benefit (Expense)	<u> -</u>	<u> -</u>
Net Income (Loss)	<u>\$ 1,355</u>	<u>\$ (28,608)</u>

The accompanying notes are an integral part of these statements.

MCL Financial Group, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2002 and 2001

	2002	2001
Cash Flows From Operating Activities		
Net income (loss)	\$ 1,355	\$ (28,608)
Adjustments to reconcile net income to net cash used by operating activities:		
Rounding errors	1	-
Changes in operating assets and liabilities:		
Trade accounts receivable	(13,798)	43,215
Prepays	1,235	204
Payables, overdraft and accruals	13,624	(54,460)
Income taxes payable	-	(4,330)
	<u>2,417</u>	<u>(43,979)</u>
Net Cash Provided (Used) by Operating Activities		
Cash Flows From Financing Activities		
(Loans) repayments to related parties	-	1,618
Proceeds common stock	-	54,383
Transfer to parent company	-	(55,853)
	<u>-</u>	<u>148</u>
Net Cash Provided (Used) by Financing Activities		
Net (Decrease) Increase in Cash	2,417	(43,831)
Cash at Beginning of the Year	<u>15,641</u>	<u>59,472</u>
Cash at End of the Year	<u>\$ 18,058</u>	<u>\$ 15,641</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$ 403	\$ -
Cash paid for taxes	\$ -	\$ -

The accompanying notes are an integral part of these statements.

MCL Financial Group, Inc.

Statements of Stockholder's Equity

For the Years ended December 31, 2002 and 2001

MCL Financial Group, Inc.
Statements of Stockholder's Equity
For the Years Ended December 31, 2002 and 2001

	<u>Common Stock</u>		<u>Preferred Stock</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Balance December 31, 2000	250,000	\$ 12,685	750,000	\$ 38,055
Transfers to parent company	(250,000)	(12,685)	(750,000)	(38,055)
Additional capital contributed	250,000	54,384	-	-
Net income	-	-	-	-
Balance December 31, 2001	250,000	54,384	-	-
Net income	-	-	-	-
Balance December 31, 2002	<u>250,000</u>	<u>\$ 54,384</u>	<u>-</u>	<u>\$ -</u>

Additional Paid-In Capital	Retained Earnings (Deficit)	Totals
\$ 42,275	\$ 10,634	\$ 103,649
(42,275)	(10,634)	(103,649)
-	-	54,384
<u>-</u>	<u>(14,895)</u>	<u>(14,895)</u>
-	(14,895)	39,489
<u>-</u>	<u>1,355</u>	<u>1,355</u>
<u>\$ -</u>	<u>\$ (13,540)</u>	<u>\$ 40,844</u>

The accompanying notes are an integral part of these statements.

MCL Financial Group, Inc.
Notes to Financial Statements
December 31, 2002 and 2001

1. Organization and Significant Accounting Policies

Organization and Nature of Business

MCL Financial Group, Inc. (the Company) was incorporated in the State of Colorado on March 19, 1996 for the purpose of providing brokerage services.

The Company is a registered broker-dealer under the Securities and Exchange Act of 1934 (the Act), with its principal activities consisting of the placement of private offerings as well as traditional securities business. Underwriting income is recorded at the time the private offering is completed. Income from commissions on stock transactions are recorded on a trade date basis, which is the date that a transaction is executed.

The Company operates pursuant to paragraph (k)(2)(B) of Rule 15c-3 of the Act and does not carry customer accounts or clear transactions. Accordingly, all consumer transactions are executed and cleared on behalf of the Company by Fiserv Correspondent Services, Inc. (Fiserv) on a fully disclosed basis. The Company's agreement with Fiserv provides that, as clearing broker, Fiserv will keep such records of the transactions affected and cleared in the customer accounts as are customarily made and kept by a clearing broker pursuant to the requirements of Rules 17a-3 and 17a-4 of the Act, and perform all services customarily incident thereto. All customer funds and securities received, if any, are promptly transmitted directly to Fiserv. As a result, the Company is exempt from the remaining provisions and requirements of Rule 15c-3 of the Act.

On January 1, 2001, all non-brokerage related assets, liabilities and equity accounts were transferred to MCL Holding, Inc. (Holding) in a non-cash transaction. The result of the transaction was that the company became a wholly-owned subsidiary of MCL Holding, Inc.

Cash and Cash Equivalents

For purposes of the statement of changes in financial position, the Company considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

MCL Financial Group, Inc.
Notes to Financial Statements (continued)
December 31, 2002 and 2001

2. Income Taxes

The Company recognizes deferred tax liabilities and assets based on the difference between the financial statements and tax basis of assets and liabilities using the enacted tax rates in effect for the year in which the differences are expected to reverse. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized. Deferred taxes result from utilizing the cash basis method of accounting and accelerated depreciation methods for tax purposes.

Income tax expense differs from amounts that would be calculated by applying the federal statutory rate because of the federal surtax, state income tax rates, certain nondeductible expenses and net operating loss carrybacks, if any.

For the year ended December 31, 2002 and 2001, the Company will file a consolidated tax return with Holding. The combined returns show net income (loss) of approximately \$18,000 and (\$19,000), respectively. No provision for income taxes is provided in these statements. The income from financial was approximately 6% of the total. The tax on that income, which is approximately \$200, has not been accrued in these financials because the combined income is estimated and may be less than currently shown.

3. Net Capital Requirements

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Commission, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio (aggregate indebtedness to net capital) may fluctuate on a daily basis.

According to Rule 15c3-1, the Company's net capital ratio shall not exceed 8 to 1 for the first twelve months of operation as a broker-dealer and 15 to 1 thereafter. In addition, equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. Net capital data is as follows:

	<u>Net Capital</u>	<u>Requirements</u>	<u>Indebtedness</u>	<u>Capital Ratio</u>
December 31, 2001	\$ 35,000	\$ 5,000	\$ 28,050	.80 to 1
December 31, 2002	\$ 37,591	\$ 5,000	\$ 41,674	1.11 to 1

MCL Financial Group, Inc.
Notes to Financial Statements (continued)
December 31, 2002 and 2001

4. Related Party Transactions

The company occupies office facilities and uses office equipment that are leased by Holding from an entity controlled by the companies sole shareholder. The company paid Holding a management fee of \$96,000 in 2002 and 2001. This fee includes use of the facilities and equipment. Because of the nature of these relationships, the amounts charged may have been different had the parties not been related.

In addition, during the years ended December 31, 2002 and 2001, the company paid dividends to Holding in the amount of \$287,454 and \$424,500, respectively.

5. Concentrations of Risk

The Company is engaged in the business of providing broker services. Substantially all income is derived from commissions earned on sales of investment securities. Commission income can vary due to fluctuations in the volume of transactions, the dollar value of transactions, and the frequency of transactions, all of which are generally beyond the control of the Company. The Company's revenues are impacted by global, national, regional and local economic forces and trends. Additionally, the Company is dependent on the sales efforts of a small number of brokers (6 in 2002). Changes in sales activities by brokers could impact the Company. Investing activities by a customer or group of customers could also affect the Company.

MCL Financial Group, Inc.

Supplementary Information

MCL Financial Group, Inc.
Computation of Aggregate Indebtedness
and Net Capital Pursuant to Rule 15c3-1
For the Years Ended December 31, 2002 and 2001

	2002	2001
Net Capital		
Total stockholder's equity	\$ 40,844	\$ 39,489
Deductions		
Equipment and furniture, net	-	-
Receivables, from related parties	-	-
Club membership and deposit	-	-
Other assets	3,253	4,489
Total Deductions	<u>3,253</u>	<u>4,489</u>
Total Net Capital	<u>\$ 37,591</u>	<u>\$ 35,000</u>
Aggregate Indebtedness		
Payables and accruals	\$ 41,674	\$ 28,050
Income taxes payable	-	-
Deferred income tax expense, net	-	-
Total Aggregate Indebtedness	<u>\$ 41,674</u>	<u>\$ 28,050</u>
Computation of Basic Net Capital Requirements		
Required minimum net capital	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Capital in excess of required minimum	<u>\$ 32,591</u>	<u>\$ 30,000</u>
Ratio of aggregate indebtedness to net capital	<u>1.11</u>	<u>0.80</u>
Reconciliation with Company's computation included in Part II of Form X-17a-5:		
Net capital, as reported in Company's Part II (unaudited) FOCUS Report	\$ 41,566	
Audit adjustment to report additional commissions payable	<u>(3,975)</u>	
Net capital per above	<u>\$ 37,591</u>	

Mason Russell West, LLC

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Littleton, Co 80120-2337
Telephone 303-797-9101 Fax 303-795-3356
e-mail: cpas@mrwilc.com

DICK MASON
RAY RUSSELL, JR

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTING SERVICES

Report of Independent Certified Public Accountants on Internal Control Structure Required by SEC Rule 17a-5

The Board of Directors and Stockholder
MCL Financial Group, Inc.
Littleton, Colorado

In planning and performing our audit of the financial statements of MCL Financial Group, Inc. for the year ended December 31, 2002, we considered its internal control structure including procedures 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 the internal control structure.

Also, as required by Rule 17a-5(g) of the Securities and Exchange Commission (Commission), we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by MCL Financial Group, Inc. 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 the procedures for determining compliance with the exemptive provisions of Rule 15c-3-3. We do 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 Regulations 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 an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and 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 of the objectives of an internal control structure 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 preparation of financial statements in conformity 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 control structure 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 effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure elements does not reduce to a relatively low level the risk that errors 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 the internal control structure, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above. In addition, our consideration of the internal control structure indicated that the Company was in compliance with the conditions of the exemption under Paragraph (k)(2)(B) of Rule 15c3-3, and no facts came to our attention indicating that such conditions have not been complied with during the period.

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 and Exchange Act of 1934 and related regulations, the 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 information and use of the Board of Directors, management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc., and other regulatory agencies that 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 specified parties.

Mason Russell West, LLC

January 30, 2003
Littleton, Colorado