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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

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

SEC MAIL RECEIVED  
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SEC FILE NUMBER  
8-22338

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: CFC Equities, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
2 Bay Club Drive, Apt. 4LE

OFFICIAL USE ONLY  
FIRM I.D. NO.

(No. and Street)

Bayside New York 11360  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Neil Sumner 212-997-1650  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

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

130 West 42nd Street, Suite 1906 New York NY 10036-7901  
(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 12 2003** R

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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)

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, Samuel Weiss, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CFC Equities, LLC, 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:

Samuel Weiss
Signature

Member

JOAN HYMOWITZ
NOTARY PUBLIC, State of New York
No. 41-4857193
Qualified in Queens County
Commission Expires April 21, 2006

State of New York
County of Queens
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 Cash Flows.
(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.
x Notes to financial statements.

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

**FORM  
X-17A-5**

**FOCUS REPORT**

OMB No. 3235-0123  
(5-31-87)

(Financial and Operational Combined Uniform Single Report)

**PART IIA** 12

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(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a) 16      2) Rule 17a-5(b) 17      3) Rule 17a-11 18  
 4) Special request by designated examining authority 19      5) Other 25

NAME OF BROKER-DEALER

SEC FILE NO.

8-22338 14

FIRM ID. NO.

11-3579179 15

CFC Equities, LLC 13

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

FOR PERIOD BEGINNING (MM/DD/YY)

2 Bay Club Drive, Apt. 4LE 20

01/01/02 24

(No. and Street)

AND ENDING (MM/DD/YY)

Bayside 21 New York 22 11360 23

12/31/02 25

(City)

(State)

(Zip Code)

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

(Area Code)—Telephone No.

Neil Sumner 30

212-997-1650 31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

OFFICIAL USE

32

33

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DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS?

YES 40

NO 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT

42

**EXECUTION:**

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_

Manual signatures of:

1) \_\_\_\_\_  
Principal Executive Officer or Managing Partner

2) \_\_\_\_\_  
Principal Financial Officer or Partner

3) \_\_\_\_\_  
Principal Operations Officer or Partner

**ATTENTION**—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78:(a))

## Neil Sumner

*Certified Public Accountant*

130 West 42<sup>nd</sup> Street, Suite 1906  
New York, New York 10036-7901

Tel: 212-997-1650  
Fax: 212-704-0982

### INDEPENDENT AUDITOR'S REPORT

Mr. Samuel Weiss, Sole Member  
CFC Equities, LLC  
2 Bay Club Drive  
Bayside, New York 11360

Dear Mr. Weiss:

I have audited the accompanying financial statements of CFC Equities, LLC, a one member limited liability company, as of December 31, 2002. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with generally accepted auditing standards. Those standards require that I 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 disclosure 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. I believe that my audit provides a reasonable basis for my opinion.

Based upon the scope of my audit, no material inadequacies have been found to exist in the accounting system, the internal accounting control and in procedures for safeguarding securities.

In my opinion, the financial statements as contained in the Focus Report Form X-17A-5 and the accompanying statement of cash flows and notes present fairly in all material respects the financial position of CFC Equities, LLC as of December 31, 2002 and the result of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

New York, New York  
February 7, 2003

  
NEIL SUMNER, C.P.A.

Sworn to before me this 7<sup>th</sup> day  
of February, 2003

  
\_\_\_\_\_  
Notary Public

KAREN RYAN  
Notary Public, State of New York  
No. 4770183  
Qualified in Queens County  
Commission Expires March 30, 2004

**TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report				
Name (If individual, state last, first, middle name)				
Sumner, Neil				70
ADDRESS	Number and Street	City	State	Zip Code
	130 West 42nd St., Suite 1906	New York	New York	10036-7901
	71	72	73	74

Check One

- ( X ) Certified Public Accountant 75
- ( ) Public Accountant 76
- ( ) Accountant not resident in United States or any of its possessions 77

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WORK LOCATION	REPORT DATE MM/DD/YY	DOC. SEQ. NO.	CARD				
50	51	52	53				

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

BROKER OR DEALER **CFC Equities, LLC**

**N 3**

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**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND  
CERTAIN OTHER BROKERS OR DEALERS**

as of (MM/DD/YY) 12/31/02 99  
 SEC FILE NO. 8-22338 98  
 Consolidated 198  
 Unconsolidated 199

**ASSETS**

	<u>Allowable</u>		<u>Non-Allowable</u>		<u>Total</u>	
1. Cash	\$ 70,311	200			\$ 70,311	750
2. Receivables from brokers or dealers:						
A. Clearance account		295				
B. Other	10,092	300		550	10,092	810
3. Receivables from non-customers		355		600		830
4. Securities and spot commodities owned, at market value:						
A. Exempted securities		418				
B. Debt securities		419				
C. Options		420				
D. Other securities	48,247	424			48,247	850
E. Spot commodities		430				
5. Securities and/or other investments not readily marketable:						
A. At cost		130				
B. At estimated fair value		440		610		860
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:		460		630		880
A. Exempted securities		150				
B. Other securities		160				
7. Secured demand notes, market value of collateral:		470		640		890
A. Exempted securities		170				
B. Other securities		180				
8. Memberships in exchanges:						
A. Owned, at market		190				
B. Owned, at cost				650		
C. Contributed for use of the company, at market value				660		900
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships		480		670		910
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization		490		680		920
11. Other assets		535		735		930
12. <b>TOTAL ASSETS</b>	\$ 128,650	540	\$ 740		\$ 128,650	940

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**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

BROKER OR DEALER **CFC Equities, LLC**

as of 12/31/02

**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING  
AND CERTAIN OTHER BROKERS OR DEALERS**

**LIABILITIES AND OWNERSHIP EQUITY**

<u>Liabilities</u>	<u>A.I. Liabilities</u>	<u>Non-A.I. Liabilities</u>	<u>Total</u>
13. Bank loans payable .....	\$ 1045	\$ 1255	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account .....	1114	1315	1560
B. Other .....	1115	1305	1540
15. Payable to non-customers .....	1155	1355	1610
16. Securities sold not yet purchased, at market value .....		1360	1620
17. Accounts payable, accrued liabilities, expenses and other .....	1,072 1205	1385	1,072 1685
18. Notes and mortgages payable:			
A. Unsecured .....	1210		1690
B. Secured .....	1211	1390	1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:			
1. from outsiders \$	970		
2. Includes equity subordination (15c3-1 (d)) of .....	980		
B. Securities borrowings, at market value: ... from outsiders \$	990		
C. Pursuant to secured demand note collateral agreements: .....		1420	1730
1. from outsider: \$	1000		
2. Includes equity subordination (15c3-1 (d)) of .....	1010		
D. Exchange memberships contributed for use of company, at market value .....		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes .....	1220	1440	1750
20. TOTAL LIABILITIES .....	\$ 1,072 1230	\$ 1450	\$ 1,072 1760

**Ownership Equity**

21. Sole proprietorship .....		\$ 1770
22. Partnership (limited partners .....	\$ 1020	1780
23. Corporation:		
A. Preferred stock .....		1791
B. Common stock .....		1792
C. Additional paid-in capital .....		1793
D. Retained earnings .....		1794
E. Total .....		1795
F. Less capital stock in treasury .....		1796
24. TOTAL OWNERSHIP EQUITY .....		\$ 127,578 1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY .....		\$ 128,650 1810

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**FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT  
PART IIA**

**BROKER OR DEALER** CFC Equities, LLC

as of 12/31/02

**COMPUTATION OF NET CAPITAL**

1. Total ownership equity from Statement of Financial Condition	\$	127,578		3480
2. Deduct ownership equity not allowable for Net Capital	▼		(	3490
3. Total ownership equity qualified for Net Capital		127,578		3500
4. Add:				
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital				3520
B. Other (deductions) or allowable credits (List)				3525
5. Total capital and allowable subordinated liabilities	\$	127,578		3530
6. Deductions and/or charges:				
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	▼			3540
B. Secured demand note deficiency				3590
C. Commodity futures contracts and spot commodities-proprietary capital charges				3600
D. Other deductions and/or charges				3610
7. Other additions and/or allowable credits (List)			(	3620
8. Net capital before haircuts on securities positions	▼	\$	127,578	3630
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):				
A. Contractual securities commitments	\$			3660
B. Subordinated securities borrowings				3670
C. Trading and investment securities:				
1. Exempted securities	▼			3735
2. Debt securities				3733
3. Options				3730
4. Other securities		965		3734
D. Undue Concentration				3650
E. Other (List)				3736
10. Net Capital	\$		(	965
		126,613		3750

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**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

BROKER OR DEALER **CFC Equities, LLC**

as of 12/31/02

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

**Part A**

11. Minimum net capital required (6-2/3% of line 19)	\$	72	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	5,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$	5,000	3760
14. Excess net capital (line 10 less 13)	\$	121,613	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$	126,506	3780

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

16. Total A.L. liabilities from Statement of Financial Condition	\$	1,072	3790
17. Add:			
A. Drafts for immediate credit	\$	3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$	3810	
C. Other unrecorded amounts (List)	\$	3820	3830
19. Total aggregate indebtedness	\$	1,072	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	%	.8467	3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%	.8400	3860

**COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT**

**Part B**

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$	3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	3880
24. Net capital requirement (greater of line 22 or 23)	\$	3760
25. Excess net capital (line 10 less 24)	\$	3910
26. Net capital in excess of:		
5% of combined aggregate debit items or \$120,000	\$	3920

OMIT PENNIES

**NOTES:**

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
  1. Minimum dollar net capital requirement, or
  2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

**BROKER OR DEALER**    CFC Equities, LLC

For the period (MMDDYY) from 01/01/02 3932 to 12/31/02 3933  
 Number of months included in this statement 12 3931

**STATEMENT OF INCOME (LOSS)**

**REVENUE**

1. Commissions:		
a. Commissions on transactions in exchange listed equity securities executed on an exchange .....	\$	3935
b. Commissions on listed option transactions .....	✓	3938
c. All other securities commissions .....		3939
d. Total securities commissions .....		3940
2. Gains or losses on firm securities trading accounts		
a. From market making in options on a national securities exchange .....		3945
b. From all other trading .....		3949
c. Total gain (loss) .....		3950
3. Gains or losses on firm securities investment accounts .....		3952
4. Profit (loss) from underwriting and selling groups .....	✓	3955
5. Revenue from sale of investment company shares .....		124,533
6. Commodities revenue .....		3990
7. Fees for account supervision, investment advisory and administrative services .....		3975
8. Other revenue .....		691
9. Total revenue .....	\$	125,224

**EXPENSES**

10. Salaries and other employment costs for general partners and voting stockholder officers .....	\$	4120
11. Other employee compensation and benefits .....	✓	4115
12. Commissions paid to other broker-dealers .....		4140
13. Interest expense .....		4075
a. Includes interest on accounts subject to subordination agreements .....		4070
14. Regulatory fees and expenses .....		859
15. Other expenses .....		51,454
16. Total expenses .....	\$	52,313

**NET INCOME**

17. Net Income (loss) before Federal income taxes and items below (Item 9 less Item 16) .....	\$	72,911	4210
18. Provision for Federal income taxes (for parent only) .....	✓		4220
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above .....			4222
a. After Federal income taxes of .....		4238	
20. Extraordinary gains (losses) .....			4224
a. After Federal income taxes of .....		4239	
21. Cumulative effect of changes in accounting principles .....			4225
22. Net Income (loss) after Federal income taxes and extraordinary items .....	\$	72,911	4230

**MONTHLY INCOME**

23. Income (current month only) before provision for Federal income taxes and extraordinary items .....	\$	N/A	4211
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**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

**BROKER OR DEALER**      CFC Equities, LLC

For the period (MMDDYY) from 01/01/02 to 12/31/02

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY  
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

1. Balance, beginning of period .....	\$	114,555	4240
A. Net income (loss) .....		72,911	4250
B. Additions (Includes non-conforming capital of .....	\$	4262	4260
C. Deductions (Includes non-conforming capital of .. Distributions.....	\$	59,888	4270
		(59,888)	
2. Balance, end of period (From item 1800) .....	\$	127,578	4290

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIMS OF GENERAL CREDITORS**

3. Balance, beginning of period .....	\$	4300
A. Increases .....		4310
B. Decreases .....		4320
4. Balance, end of period (From item 3520) .....	\$	4330

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

<b>BROKER OR DEALER</b>	CFC Equities, LLC	as of <u>12/31/02</u>
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**Exemptive Provision Under Rule 15c3-3**

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

- |    |     |   |      |
|----|-----|---|------|
| A. | (k) | (1)—\$2,500 capital category as per Rule 15c3-1 .....   | 4550 |
| B. | (k) | (2)(A)—"Special Account for the Exclusive Benefit of customers" maintained .....  | 4560 |
|    |     | Organization is exempt  |      |
| C. | (k) | (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm <sup>v</sup> ..... | 4570 |
|    |     | 4335  | 4580 |
| D. | (k) | (3)—Exempted by order of the Commission .....   | 4580 |

**CFC Equities, LLC**  
**Statement of Cash Flows**  
**Year Ended December 31, 2002**

*Cash flows from operating activities:*

Cash received from principals	133,938
Operating expenses	<u>(53,325)</u>
Net cash provided by operating activities	<u>80,613</u>

*Cash flows from investing activities*

Dividend income	<u>691</u>
Net cash provided by investing activities	<u>691</u>

*Cash flows from financing activities:*

Withdrawals by member	<u>(59,888)</u>
Net cash used by financing activities	<u>(59,888)</u>
Net increase in cash	21,416
Cash and cash equivalents - beginning of year	<u>97,142</u>
Cash and cash equivalents - end of year	<u><u>118,558</u></u>

Reconciliation of net income to net cash provided (used) by operating assets:

Net income	72,911
Dividend income	(691)
Adjustment to reconcile net income to net cash provided (used) by operating activities:	
Decrease (increase) in	
Receivables	7,752
Increase (decrease) in	
Accrued expenses	<u>641</u>
Net cash provided by operating activities	<u><u>80,613</u></u>

See accountant's report and notes to financial statements.

CFC EQUITIES, LLC  
Notes to Financial Statements  
December 31, 2002

- Note 1 - Respondent has no liabilities subordinated to claims of general creditors.
- Note 2 - Respondent is exempt from computation for determination of reserve requirements.
- Note 3 - Respondent is exempt from submitting information relating to possession or control requirements.
- Note 4 - Respondent has complied with exemptive provision from Rule 15C3-3 during year under audit.
- Note 5 - Respondent is exempt from membership in the Securities Investor Protections Corporation, and therefore, a supplemental report pursuant to Rule 17a5(e)(4) is not applicable.
- Note 6 - Cash equivalents consist of uninsured money market accounts that are available for use in current operations. Cash equivalents totaled \$48,247 and cash in bank totaled \$70,311 at December 31, 2002.
- Note 7 - Reconciliation - Computation of Net Capital

Focus Report - December 31, 2002 Cash Basis submitted by CFC Equities, LLC

Net capital before haircuts	118,508
Deduct: Haircut	<u>( 965)</u>
Net capital as reported	117,543
Deduct: error in reporting other assets	( 1)
Add: Commission receivable	10,092
Add: Cash Adjustment-void old check	51
Deduct: Accrued Expenses	<u>(1,072)</u>
Net capital - Accrual basis, audited report	<u>126,613</u>

- Note 8 - On December 6, 2000 Respondent formed a sole member limited liability company which is a disregarded entity for income tax purposes. Accordingly, no provision has been made for income taxes in the attached statement of income. Respondent which prior to the formation of his limited liability company operated as a sole proprietorship conducts all business in the name of his limited liability company, CFC Equities, LLC. which operations are otherwise unchanged.