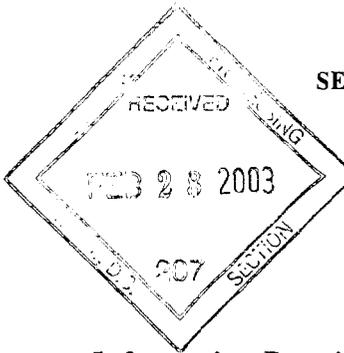




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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
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hours per response... 12.00



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

SEC FILE NUMBER
8-50871

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: Cochran, Caronia Securities LLC

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

OFFICIAL USE ONLY
FIRM I.D. NO.

One South Wacker Drive, Suite 2700
(No. and Street)

Chicago
(City)

Illinois
(State)

60606
(Zip Code)

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

Leonard S. Caronia 312-425-4076
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Friedman, Goldberg, Mintz & Kallergis, LLC
(Name - if individual, state last, first, middle name)

2275 Half Day Road, Suite 300 Bannockburn, Illinois 60015
(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 18 2003

FOR OFFICIAL USE ONLY
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)

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3/5

DP 3-13

COCHRAN, CARONIA SECURITIES LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2002

COCHRAN, CARONIA SECURITIES LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2002

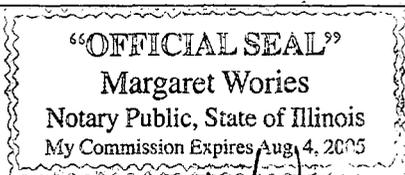
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OATH OR AFFIRMATION

I, Leonard S. Caronia, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Cochran, Caronia Securities 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:

None



[Signature]
Signature
Managing Director
Title

Margaret Worries
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 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).

INDEPENDENT AUDITOR'S REPORT

To the Member
Cochran, Caronia Securities LLC

We have audited the accompanying statement of financial condition of Cochran, Caronia Securities LLC, as of December 31, 2002, and the related statements of income, cash flows and changes in member's equity for the year then ended. 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 auditing standards generally accepted in the United States. 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 Cochran, Caronia Securities LLC as of December 31, 2002, and the results of its operations and its cash flows for then ended in conformity with accounting principles generally accepted in the United States.

Friedman, Goldberg, Mintz & Kallergis, LLC

Bannockburn, Illinois
January 23, 2003

COCHRAN, CARONIA SECURITIES LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2002

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,616,989
Accounts receivable	<u>1,416,994</u>

4,033,983

OTHER ASSETS

Investment in fund	<u>525,000</u>
--------------------	----------------

\$ 4,558,983

MEMBER'S EQUITY

MEMBER'S EQUITY

\$ 4,558,983

The accompanying notes are an integral part of this statement.

COCHRAN, CARONIA SECURITIES LLC

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2002

	<u>Amount</u>	<u>Percent of Gross Income</u>	
GROSS INCOME			
Trading commissions	\$ 1,670,851	35.97	%
Research sales	272,940	5.88	
Underwriting fees	2,679,114	57.68	
Interest income and other	21,895	.47	
	<u>4,644,800</u>	<u>100.00</u>	
SELLING EXPENSES			
Commissions	51,630	1.11	
Other	18,928	.41	
	<u>70,558</u>	<u>1.52</u>	
NET INCOME	<u>\$ 4,574,242</u>	<u>98.48</u>	%

The accompanying notes are an integral part of this statement.

COCHRAN, CARONIA SECURITIES LLC

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2002

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 4,574,242
Changes in operating assets and liabilities:	
Accounts receivable	<u>(923,253)</u>
Net Cash Provided By Operating Activities	<u>3,650,989</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fund investment	<u>(525,000)</u>
-----------------------------	-------------------

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from subordinated loans	1,500,000
Repayments of subordinated loans	(1,500,000)
Member's equity contributions	4,500,000
Member's equity distributions	<u>(5,972,128)</u>
Net Cash Used In Financing Activities	<u>(1,472,128)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

1,653,861

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR963,128**CASH AND CASH EQUIVALENTS - END OF YEAR**\$ 2,616,989

The accompanying notes are an integral part of this statement.

COCHRAN, CARONIA SECURITIES LLC
STATEMENT OF CHANGES IN MEMBER'S EQUITY
YEAR ENDED DECEMBER 31, 2002

MEMBER'S EQUITY, BEGINNING OF YEAR	\$ 1,456,869
EQUITY CONTRIBUTIONS	4,500,000
EQUITY DISTRIBUTIONS	(5,972,128)
NET INCOME	<u>4,574,242</u>
MEMBER'S EQUITY, END OF YEAR	<u><u>\$ 4,558,983</u></u>

The accompanying notes are an integral part of this statement.

COCHRAN, CARONIA SECURITIES LLC

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business. Cochran, Caronia Securities LLC (an Illinois limited liability company) (the "Company") provides securities broker-dealer services, predominantly acting as a participating underwriter and an introducing broker. The Company is a wholly-owned subsidiary of Cochran, Caronia & Company, L.L.C. ("CCO"). The Company is a registered broker-dealer in all U.S. states, with its office of operations located in Chicago, Illinois.

Management Estimates and Assumptions. 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 those estimates.

Cash and Cash Equivalents. Cash and cash equivalents include deposits in money market accounts and a \$100,000 "good-faith" escrow deposit with its outside clearing broker. The Company regularly maintains cash balances that exceed federally insured limits.

Accounts Receivable and Allowance for Doubtful Accounts. Accounts receivable are un-collateralized customer obligations due under normal trade terms granted by the Company on the basis of each customer's own creditworthiness. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Management individually reviews past-due accounts receivable balances and based on an assessment of each customer's current creditworthiness, estimates the portion, if any that will not be collected. Additionally, management assesses the remaining balance of accounts receivable based on past experience and an assessment of future economic conditions to determine its best estimate of the portion that will not be collected.

Revenue Recognition. Commission and other revenue are recognized on a trade date basis as securities transactions occur.

Income Taxes. The Company is taxed as a limited liability company and generally, does not pay Federal or state income taxes on its taxable income. Furthermore, as none of its members are individuals, it does not pay any State of Illinois Replacement Tax. Instead, the members are liable for Federal and state income taxes on their proportionate shares of the Company's taxable income. Therefore, no provision or liability for Federal or state income taxes has been included in these financial statements.

NOTE 2 - SUMMARY OF OFF-BALANCE SHEET RISKS

Customers. As an introducing broker, the Company has contracted with an outside clearing broker to clear customer trades. Commissions received from the customer transactions are divided between the Company and the clearing broker as mutually agreed upon. The Company does retain financial responsibility for purchases and sales made for customers until settled and for positions unsecured by customers. Customers' securities activities may be transacted on either a cash or margin basis. In margin transactions, credit is extended to customers, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the customers' accounts. Such transactions may expose the Company to significant off-balance-sheet risk in the event margin requirements are not sufficient to fully cover losses that customers may incur. The Company monitors required margin levels and, pursuant to such guidelines, requires the customer to deposit additional collateral or to reduce positions when necessary. As of December 31, 2002, the Company has only institutional customers to which no margin was extended.

Underwriting. In the normal course of business, the Company enters into underwriting commitments as a participating underwriter. There were no open transactions relating to such underwriting commitments at December 31, 2002.

COCHRAN, CARONIA SECURITIES LLC
NOTES TO THE FINANCIAL STATEMENTS
(Concluded)

NOTE 3 - INVESTMENT IN FUND

During 2002, the Company made a \$525,000 investment in a fund. As of December 31, 2002, the investment is essentially a deposit as the fund was still in formation stage and not actively engaged in investment activities.

NOTE 4 - RELATED PARTY TRANSACTIONS

Office of Operations. Office rent, payroll and general operating expenses of the Company are fully absorbed by CCO under a signed Expense Agreement.

Floor Broker Fees. Certain fees charged by floor brokers were absorbed by CCO during 2002.

NOTE 5 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital amount of \$100,000, and requires the ratio of aggregate indebtedness to net capital, both as defined, not to exceed 15 to 1. Failure to maintain the minimum capital amount could result in the loss of the Company's ability to act as a securities broker-dealer under the Securities Exchange Act of 1934.

**SUPPLEMENTARY INFORMATION PURSUANT TO
RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION**

AS OF DECEMBER 31, 2002

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION
REQUIRED BY RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION**

To the Member
Cochran, Caronia Securities LLC

We have audited the accompanying financial statements of Cochran, Caronia Securities LLC, as of December 31, 2002, and for the year then ended, and have issued our report thereon dated January 23, 2003. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in page 10 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under 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.

Friedman, Goldberg, Mintz & Kallergis, LLC

Bannockburn, Illinois
January 23, 2003

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Net capital, December 31, 2002	<u><u>\$ 2,756,727</u></u>
A. Minimum net capital required based on aggregate indebtedness	<u>-</u>
B. Minimum dollar requirement	<u>100,000</u>
Net capital requirement	<u>100,000</u>
Excess net capital, December 31, 2002	<u><u>\$ 2,656,727</u></u>

No material differences were noted between the above computation and the computation made by Cochran, Caronia Securities LLC of net capital under rule 15c3-1. Therefore, no reconciliation is necessary pursuant to rule 17a-5(d)(4).



COCHRAN, CARONIA SECURITIES LLC
INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL STRUCTURE REQUIRED BY RULE 17a-5
OF THE SECURITIES EXCHANGE ACT OF 1934

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
REQUIRED BY RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION**

To the Member
Cochran, Caronia Securities LLC

In planning and performing our audit of the financial statements and supplementary schedules of Cochran, Caronia Securities LLC (the "Company"), for the year ended December 31, 2002, we considered its internal control, including control activities for safeguarding assets, 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 internal control 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 controls 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 SEC's above-mentioned objectives. Two 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 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 internal control or the practices and procedures referred to above, error or fraud may 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 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 assets, that we consider to be material weaknesses as defined above.

(Concluded)

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC 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 the Company's practices and procedures were adequate at December 31, 2002, to meet the SEC's objectives.

This report is intended solely for the use of the Member, management, the SEC, National Association of Securities Dealers ("NASD"), 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.

Friedman, Goldberg, Mintz & Kallosis, L.L.C.

Bannockburn, Illinois
January 23, 2003