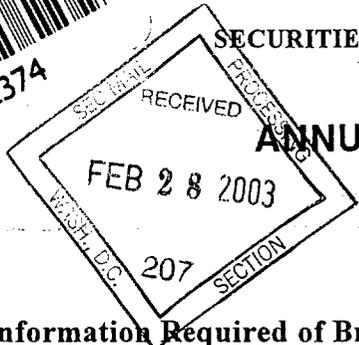




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UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

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

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

SEC FILE NUMBER 8-49473

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: George Weiss & Company LLC ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) One State Street

OFFICIAL USE ONLY FIRM I.D. NO.

(No. and Street)

Hartford, CT 06103

(City)

(State)

(Zip Code)

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

George A. Weiss (860) 240-8900

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Blum Shapiro and Company P.C.

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

29 South Main Street, West Hartford, CT 06127-2000

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

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THOMSON FINANCIAL

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\*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)

2/13

OATH OR AFFIRMATION

I, George A. 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 George Weiss & Company 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CARMEN C. DEL MONACO  
NOTARY PUBLIC  
MY COMMISSION EXPIRES AUG. 31, 2006

Carmen C. Del Monaco  
Notary Public

[Signature]  
Signature  
Manager  
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 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).

**GEORGE WEISS & COMPANY LLC**

**DECEMBER 31, 2002**

**GEORGE WEISS & COMPANY LLC**

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# BlumShapiro

## Report of Independent Accountants

To the Members  
George Weiss & Company LLC  
Hartford, Connecticut

We have audited the accompanying statements of financial condition of George Weiss & Company LLC as of December 31, 2002 and 2001, 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 the 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 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 audits provide 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 George Weiss & Company LLC as of December 31, 2002 and 2001, in conformity with accounting principles generally accepted in the United States of America.

*Blum, Shapiro & Company, P.C.*

February 12, 2003

**GEORGE WEISS & COMPANY LLC**

**STATEMENTS OF FINANCIAL CONDITION**

**DECEMBER 31, 2002 AND 2001**

	<b>2002</b>	<b>2001</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 32,603	\$ 21,142
Receivable from brokers	9,815,811	2,255,058
Due from related entities	452,684	-
Securities owned, at market value	28,931,472	47,994,678
Prepaid expenses	8,993	-
Other assets	50,000	50,000
<b>Total Assets</b>	<b>\$ 39,291,563</b>	<b>\$ 50,320,878</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Liabilities</b>		
Securities sold but not yet purchased, at market value	\$ 30,189,743	\$ 36,378,652
Due to related parties	-	786,419
Accrued expenses and other liabilities	704	5,322
Total liabilities	30,190,447	37,170,393
<b>Members' Equity</b>	9,101,116	13,150,485
<b>Total Liabilities and Members' Equity</b>	<b>\$ 39,291,563</b>	<b>\$ 50,320,878</b>

The accompanying notes are an integral part of the financial statements

**GEORGE WEISS & COMPANY LLC**  
**NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies:

**Organization** - The Company is a broker-dealer registered with the Securities Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD). The Company was formed as a limited liability company in July 1996. The Company shall continue until December 31, 2026, unless terminated sooner in accordance with the provisions of its operating agreement.

**Nature of Operations** - The Company is engaged in a single line of business as a securities broker and dealer, which includes various securities trading and brokerage activities. The Company's primary business activity is proprietary trading.

The majority of the Company's transactions are cleared through a broker on a fully disclosed basis; therefore, they do not carry customer accounts.

**Revenue Recognition** - Proprietary securities transactions are recorded on the trade date. Profit and loss arising from all securities and commodities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Realized gains and losses are recognized on the first-in, first-out method.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net of commissions on the statement of financial condition as due from other brokers and due to other brokers, respectively.

New York Stock Exchange, American Stock Exchange and other national exchange-listed securities and Nasdaq securities are valued at their closing price, which is the consolidated tape price determined as of 4:00 p.m. Eastern Standard Time. Such pricing of securities is consistent with the closing price as of 4:00 p.m. Eastern Standard Time reported in *The Wall Street Journal*.

**Cash and Cash Equivalents** - The Company maintains its cash in bank deposit or brokerage accounts that, at times, may exceed insured limits. The Company has not experienced any losses in such accounts or instruments. The Company believes it is not exposed to any significant credit risk on cash.

Cash equivalents are defined as short-term, highly liquid investments with an original maturity of 90 days or less. The Company invests in a money market account, which is considered to be a cash equivalent. The balance of the money market account at December 31, 2002 and 2001, was \$7,407 and \$17,958, respectively.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

**Income Taxes** - The Company is treated as a partnership for federal and state income tax purposes. Members are taxed individually on their shares of the Company's earnings. The Company's net income or loss is allocated among the members in accordance with the operating agreement of the Company.

Note 2 - **Securities Owned and Sold but Not Yet Purchased:**

Marketable securities owned and sold but not yet purchased consist of trading securities at quoted market values as follows:

	<u>Owned</u>	<u>Sold but Not Yet Purchased</u>
Common stocks	\$ 28,931,472	\$ 30,189,743

Securities sold but not yet purchased represent obligations of the Company to deliver the specified security and thereby create a liability to repurchase the security in the market at prevailing prices. Accordingly, these transactions result in off-balance-sheet risk as the Company's ultimate obligation to satisfy the sale of securities sold but not yet purchased may exceed the amount recognized in the statement of financial condition.

Note 3 - **Net Capital:**

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 and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2002, the Company had net capital of \$5,886,039, which was \$5,786,039 in excess of its required net capital of \$100,000. The Company's net capital ratio was 0.00 to 1.

Note 4 - **Financial Instruments:**

**Accounting Policies** - Derivative financial instruments used for trading purposes, including hedges of trading instruments, are carried at market value. Market values for exchange-traded derivatives, principally futures and certain options, are based on quoted market prices.

Derivatives used for hedging purposes include futures and purchased options. Unrealized gains or losses resulting from hedges of marked-to-market financial instruments are recorded in trading revenues.

Open equity in futures transactions are recorded as receivables from and due to other brokers, as applicable.

**Financial Instruments With Off-Balance-Sheet Risk** - The Company enters into various transactions involving derivatives and other off-balance-sheet financial instruments. These financial instruments include futures and options. These derivative financial instruments are used to conduct trading activities and manage market risks and are, therefore, subject to varying degrees of market and credit risk. Derivative transactions are entered into for trading purposes or to hedge other positions or transactions.

Futures contracts provide for the delayed delivery of the underlying instrument. The contractual or notional amounts related to these financial instruments reflect the volume and activity and do not reflect the amounts at risk.

Futures contracts are executed on an exchange, and cash settlement is made on a daily basis for market movements. Accordingly, futures contracts generally do not have credit risk. Market risk is substantially dependent upon the value of the underlying financial instruments and is affected by market forces such as volatility and changes in interest rates.

In addition, the Company has sold securities that it does not currently own and will therefore be obligated to purchase such securities at a future date. The Company has recorded these obligations in the financial statements at December 31, 2002 at market values of the related securities and will incur a loss if the market value of the securities increases subsequent to December 31, 2002.

In the normal course of business, the Company's activities involve the execution, settlement and financing of various securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

**Concentrations of Credit Risk** - The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event the counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

Note 5 - **Related Parties:**

The Company has entered into an investment services agreement with George Weiss Associates, Inc. (Associates), a related party, for investment services. The fees for these services are based upon a formula of actual expenses incurred. During the years ended December 31, 2002 and 2001, the Company incurred fees of \$24,456,092 and \$21,000,007, respectively. At December 31, 2002, \$452,684 was due from Associates, and at December 31, 2001, \$786,419 was due to Associates.

The Company provides investment operations and investment banking functions to Quaker Partners LLC, a related party, under an investment services agreement. Fee income under this agreement totaled \$4,275,000 and \$5,978,505 for the years ended December 31, 2002 and 2001, respectively.

Note 6 - **Joint Back Office Agreement:**

The Company entered into a Joint Back Office Agreement with Merrill Lynch Professional Clearing Corporation (Merrill Lynch) to provide processing and clearing for all of its proprietary security transactions, as well as a credit facilities arrangement. In connection with this arrangement and the Company's customer agreement with Merrill Lynch, Merrill Lynch retains a security interest in all securities held by it, as security for obligations due to it.

# BlumShapiro

To the Members  
George Weiss & Company LLC  
Hartford, Connecticut

In planning and performing our audit of the financial statements and supplemental schedule of George Weiss & Company LLC 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)(1) of the Securities 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 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 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 SEC'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 the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. 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 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.

We understand that the 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 that 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 management, the SEC, the NASD and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and is not intended to be and should not be used by anyone other than these specified parties.

*Blum, Shapins & Company, P.C.*

February 12, 2003