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

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

SEC FILE NUMBER
8-13987

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

PROCESSED

MAR 20 2003

REPORT FOR THE PERIOD BEGINNING 01/01/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

**THOMSON
FINANCIAL**

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Washington Square Securities, Inc. (WSSI)

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

20 Washington Avenue South

OFFICIAL USE ONLY
FIRM ID. NO.

Minneapolis, MN 55401
(City) (State) (Zip Code)

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

Daniel S. Kuntz 612-342-3688

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP

600 Peachtree Street Suite 2800 Atlanta GA 30308
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

MAR 03 2003

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).

MAR 19 2003

AUDITED FINANCIAL STATEMENT
Washington Square Securities, Inc.
December 31, 2002
with Report of Independent Auditors

Washington Square Securities, Inc.

Audited Financial Statement

December 31, 2002

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600 Peachtree Street
Atlanta, Georgia 30308-2215

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Report of Independent Auditors

Stockholder and Board of Directors
Washington Square Securities, Inc.

We have audited the accompanying statement of financial condition of Washington Square Securities, Inc. (a wholly owned subsidiary of Lion Connecticut Holdings, Inc., which is a wholly owned subsidiary of ING America Insurance Holdings, Inc.) as of December 31, 2002. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Washington Square Securities, Inc. as of December 31, 2002 in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Atlanta, Georgia
February 14, 2003

Washington Square Securities, Inc.

Statement of Financial Condition

December 31, 2002

Assets

Cash and cash equivalents	\$18,311,694
Cash segregated for regulatory purposes	155,283
Securities owned, at fair market value	3,300
Commissions and concessions receivable	5,969,896
Accounts receivable, net of allowance of \$726,453	1,145,787
Due from affiliates, including \$914,498 under tax allocation agreement	1,514,634
Prepaid expenses	101,904
Deferred tax asset	2,239,194
Deferred compensation plans investment	1,419,537
Premises and equipment, net of accumulated depreciation of \$1,449,751	297,469
Other assets	17,152
Total assets	<u><u>\$31,175,850</u></u>

Liabilities and stockholder's equity

Liabilities:

Commissions and concessions payable	\$ 3,919,031
Due to affiliates	1,805,358
Accounts payable and other accrued expenses	7,252,635
Deferred compensation plans	3,229,125
Other liabilities	1,250,314
Total liabilities	<u><u>17,456,463</u></u>

Stockholder's equity:

Common stock; \$10 par value; 5,000 shares authorized; 1,500 shares issued and outstanding	15,000
Additional paid-in capital	16,416,139
Accumulated deficit	(2,711,752)
Total stockholder's equity	<u><u>13,719,387</u></u>
Total liabilities and stockholder's equity	<u><u>\$31,175,850</u></u>

See accompanying notes.

Washington Square Securities, Inc.

Notes to Financial Statement

December 31, 2002

1. Nature of Business and Ownership

Washington Square Securities, Inc. (the "Company") is a broker-dealer registered under the Securities and Exchange Act of 1934 and is a member of the National Association of Securities Dealers. As of January 1, 2002, the Company was a wholly owned subsidiary of ReliaStar Financial Corp. ("ReliaStar"). On December 31, 2002, ReliaStar was merged into Lion Connecticut Holdings, Inc. (the "Parent"), which is a wholly owned subsidiary of ING America Insurance Holdings, Inc. ("ING AIH"). ING AIH is a wholly owned subsidiary of ING Groep N.V., a global financial services holding company based in The Netherlands.

The Company is a fully disclosed broker-dealer and clears all securities transactions through clearing brokers. The Company is exempt from Securities and Exchange Commission ("SEC") Rule 15c3-3. The Company does not carry customer accounts and is not required to make the periodic computation of reserve requirements for the exclusive benefit of customers. The majority of transactions are cleared through a nonaffiliated clearing broker.

2. Summary of Significant Accounting Policies

General

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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

The Company considers deposits that can be redeemed on demand and highly liquid investments that have original maturities of three months or less, when purchased, to be cash and cash equivalents.

Washington Square Securities, Inc.

Notes to Financial Statement (continued)

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents (continued)

Cash of \$40,283 at December 31, 2002 has been segregated in a special account for the exclusive benefit of customers under Rule 15c3-3 of the SEC and represents funds deposited by customers as a result of various trades.

Cash of \$115,000 at December 31, 2002 has been segregated in escrow accounts at clearing broker-dealers and the NSCC as part of related clearing agreements.

Securities Owned

Marketable securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities. Trading securities are carried at market value with the gains and losses, determined using the specific identification method, recognized currently in the statement of operations.

Accounts Receivable

Accounts receivable are shown at their net realizable value. Uncollectible accounts receivable are charged to operations during the period they are determined to be uncollectible.

Income Taxes

Deferred income tax assets and liabilities result from temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years.

Washington Square Securities, Inc.

Notes to Financial Statement (continued)

2. Summary of Significant Accounting Policies (continued)

Premises and Equipment

Premises and equipment consist of computer software and are stated at cost less accumulated depreciation. Depreciation has been calculated using the straight-line method over the assets' estimated useful lives. The estimated service lives of computer software is from 2 to 7 years.

Following is a schedule disclosing the carrying amount and accumulated depreciation of computer software.

Computer software	\$ 1,747,220
Accumulated depreciation	<u>(1,449,751)</u>
Total	<u>\$ 297,469</u>

Financial Instruments with Off-Balance Sheet Risk

The securities transactions of the Company's customers are introduced on a fully disclosed basis with a clearing broker-dealer. The Company holds no customer funds or securities. The clearing broker-dealer is responsible for execution, collection of and payment of funds, and receipt and delivery of securities relative to customer transactions. Off-balance-sheet risk exists with respect to these transactions due to the possibility that customers may be unable to fulfill their contractual commitments wherein the clearing broker-dealer may charge any related losses to the Company. The Company seeks to minimize this risk through procedures designed to monitor the creditworthiness of its customers and to ensure that customer transactions are executed properly by the clearing broker-dealer.

Liabilities Subordinated to the Claims of General Creditors

At December 31, 2002 and during the year then ended, the Company had no liabilities subordinated to the claims of general creditors.

Washington Square Securities, Inc.

Notes to Financial Statement (continued)

3. Income Taxes

The results of the Company's operations are included in the consolidated tax return of ING AIH. ING AIH and its subsidiaries each report current income tax expense as allocated under a consolidated tax allocation agreement. Generally, this allocation results in profitable companies recognizing a tax provision as if the individual company filed a separate return and loss companies recognizing benefits to the extent of their losses.

Deferred income taxes have been established by each member of the consolidated group based upon the temporary differences within each entity. The Company did not have any deferred tax liabilities at December 31, 2002. Significant components of the Company's deferred tax assets at December 31, 2002 are as follows:

Deferred tax assets:	
Reserves and accrued expenses	\$ 193,534
Deferred compensation	1,083,318
Legal accrual	874,391
Other	87,951
Deferred tax asset	<u>\$2,239,194</u>

Management has evaluated the need for a valuation allowance for the deferred tax asset and believes that the deferred tax asset will more likely than not be realized. Accordingly, no valuation allowance has been recognized.

4. Related Party Transactions

The Parent and other affiliates performed certain general and administrative responsibilities for the Company during 2002.

Amounts reported in the statement of financial condition related to transactions and agreements with affiliates may not be the same as those recorded if the Company was not a wholly owned subsidiary of its Parent.

Washington Square Securities, Inc.

Notes to Financial Statement (continued)

5. Employee Benefits

401(k) and Pension Plans

The employees of the Company are covered by a variety of employee benefit plans (both 401(k) and pension) that are administered by affiliates. The different plans have various eligibility standards, vesting requirements, and guidelines for matching. The Company had no separate employee benefit plans in 2002, and relied on its affiliated companies to cover all eligible employees.

Deferred Compensation Plan

The Company maintains through the ING Brokers Network, LLC ("ING BN") and ING AIH deferred compensation plans (the "Plans") for registered representatives and other eligible employees. Under the Plans, if certain eligibility requirements are met, a participant may defer a portion of their income, including commission and fee earnings, as applicable. Additionally, the Company may at its discretion allocate additional amounts to participants. Participants may elect to have all or a portion of their deferred compensation account indexed to rates of return on a variety of investment options, including a fixed rate option. The Company accrues interest to these participants based upon the actual rate of return on the underlying investment index choice. The plans are unfunded; therefore, benefits are paid from the general assets of the Company. However, for one of the Plans, the Company has made investments that mirror amounts and elections of the participants, of which \$1,419,537 is included as a deferred compensation plan investment on the statement of financial condition and is carried at market value. The total of net participant deferrals, which is reflected as a liability on the statement of financial condition, was \$3,229,125 at December 31, 2002.

Washington Square Securities, Inc.

Notes to Financial Statement (continued)

6. Contingencies

The Company is party to a number of claims, lawsuits and arbitrations arising in the course of their normal business activities. Although the ultimate outcome of these claims cannot be ascertained at this time, it is the opinion of management that these matters, when resolved, will not have a material effect on the Company's results of operations or financial condition.

At December 31, 2002, \$65,761 related to the severance of certain employees is included in accounts payable and other accrued expenses.

7. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. The Company computes its net capital requirements under the alternative method provided for in Rule 15c3-1. The rule requires the maintenance of minimum net capital of the greater of \$250,000 or 2% of aggregate debit items. At December 31, 2002, the Company had net capital of \$5,649,670, which was \$5,399,670 in excess of the required net capital of \$250,000. The Company had no aggregate debit items at December 31, 2002.