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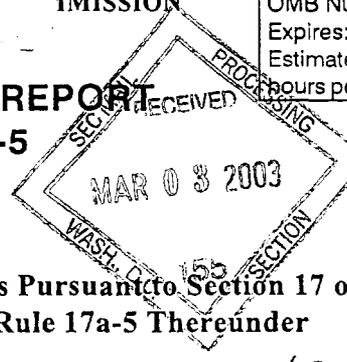
SECUR. 03013002
Washington, D.C.

MISSION

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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- 23412

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: Regency Securities, Inc
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
122 N. HARBOR BLVD #200
(No. and Street)
Fullerton CA 92832-1859
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
LARRY BELTRAMO (949) 752-3117
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
LAI, JERRY T.
(Name - if individual, state last, first, middle name)
20 CORPORATE PARK #135 IRVINE, CA 92606
(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 27 2003
THOMSON
FINANCIAL

FOR OFFICIAL USE ONLY

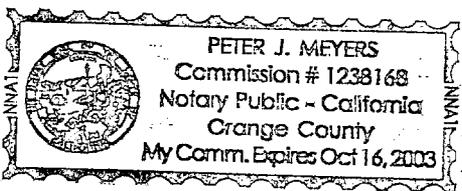
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, LARRY F. BELTRAMO, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Regency Securities, Inc., as of Feb 26, 2003, 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:

Larry Beltramo
Signature
Pres.
Title

[Signature]
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).



JERRY T. LAI, CPA, MBA

AN ACCOUNTANCY CORPORATION

20 CORPORATE PARK, SUITE 135, IRVINE, CA 92606
TEL: (949) 250-8891 FAX: (949) 250-8896

MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

SEC's Washington Office
450 Fifth Street
Washington, WA 20549



To whom it may concern:

I have examined the financial statements of Regency Securities, Inc. for the year ended December 31, 2002 and have issued my report thereon dated February 25, 2003. As part of my examination, I made a study and evaluation of the Company's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of my study and evaluation, which included obtaining an understanding of the accounting system, was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the financial statements.

My study and evaluation disclosed no material weakness or inadequacies in the Company's system of internal control.

JERRY T. LAI, CPA, MBA

February 25, 2003
Irvine, California



REGENCY SECURITIES, INC.

Financial Statements

Years ended December 31, 2002 and December 31, 2001

TABLE OF CONTENTS

	<u>PAGE</u>
Auditor's Report	1
Financial Statements	
Balance Sheets	2
Statements of Income and Retain Earnings	3
Statements of Cash Flows	4
Notes to Financial Statements	5 – 7
Statements of Changes In Stockholder's Equity	8
Computation of Basic Net Capital Requirement	9
Computation of Net Capital Under Rule 15c3-1 of The SEC	10
Reconciliation of Computation of Net Capital	11



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INDEPENDENT AUDITOR'S REPORT

To the Shareholder
Regency Securities, Inc.
Irvine, California

I have audited the accompanying balance sheets of Regency Securities, Inc., as of December 31, 2002 and 2001, and the related statements of income (loss) and retained earnings and cash flows for the years then ended. These statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits 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 amount 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. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Regency Securities, Inc., as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

My examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the statements of changes in stockholder's equity, computation of basic net capital requirement, computation of net capital and reconciliation of computation of net capital 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 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in my opinion, is fairly stated in all material respect in relation to the basic financial statements taken as a whole.



JERRY T. LAI, CPA, MBA
Irvine, California
February 25, 2003

REGENCY SECURITIES, INC.

BALANCE SHEETS

ASSETS

December 31,

Current assets:	<u>2002</u>	<u>2001</u>
Cash	\$ 13,812	\$ 13,664
Interest receivable	20	43
Solicitor's fee receivable	<u>20,800</u>	<u>4,826</u>
Total current assets	34,632	18,533
Property and Equipment, net	<u>765</u>	-
Total assets	\$ <u><u>35,397</u></u>	\$ <u><u>18,533</u></u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:		
Accrued expenses	\$ 371	\$ -
Commissions payable	<u>17,680</u>	<u>4,098</u>
Total liabilities	<u>18,051</u>	<u>4,098</u>
Stockholder's equity:		
Common stock-par value of \$10, authorized 2,000 shares; issued and outstanding 1,000 shares	10,000	10,000
Retained earnings	<u>7,346</u>	<u>4,435</u>
Total stockholder's equity	<u>17,346</u>	<u>14,435</u>
Total liabilities and stockholder's equity	\$ <u><u>35,397</u></u>	\$ <u><u>18,533</u></u>

REGENCY SECURITIES, INC.

STATEMENTS OF INCOME AND RETAINED EARNINGS

	For the years ended December 31,	
	2002	2001
REVENUES:		
Solicitor's fee income	\$ 715,147	\$ 664,503
Commission income	500,095	326,100
Administration fee income	90	-
Interest income	159	426
	<u>1,215,491</u>	<u>991,029</u>
EXPENSES:		
Commission expense	1,127,001	978,958
Other operating expenses	81,079	10,075
	<u>1,208,080</u>	<u>989,033</u>
INCOME BEFORE INCOME TAXES	7,411	1,996
Income taxes	<u>800</u>	<u>800</u>
NET INCOME	6,611	1,196
RETAINED EARNINGS, BEGINNING OF YEAR	4,435	3,239
Dividends	<u>(3,700)</u>	<u>-</u>
RETAINED EARNINGS, END OF YEAR	\$ <u>7,346</u>	\$ <u>4,435</u>

REGENCY SECURITIES, INC.

STATEMENTS OF CASH FLOWS

	For the years ended December 31,	
	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 6,611	\$ 1,196
Adjustments to reconcile net income to net cash provided by operating activities		
(Increase) Decrease in:		
Depreciation	85	-
Interest receivable	23	19
Accounts receivable	(15,974)	(3,517)
Increase (Decrease) in:		
Accrued expenses	371	-
Commissions payable	<u>13,582</u>	<u>3,005</u>
Net cash provided in operating activities	4,698	703
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	<u>(850)</u>	<u>-</u>
Net cash used by investing activities	(850)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	<u>(3,700)</u>	<u>-</u>
Net cash used by Financing activities	(3,700)	-
NET INCREASE IN CASH	148	703
CASH AT BEGINNING OF PERIOD	<u>13,664</u>	<u>12,961</u>
CASH AT END OF PERIOD	\$ <u>13,812</u>	\$ <u>13,664</u>
SUPPLEMENTAL DISCLOSURES		
Income taxes paid	\$ 800	\$ 800

REGENCY SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

1. Organization:

Regency Securities, Inc. (the Company) was incorporated on December 1, 1978 under the laws of the state of California. The Company is an introductory firm that only deals in investment company shares such as mutual funds, variable annuities and variable life. As an introductory firm the Company does not hold securities for its clients nor do any other organizations hold securities on behalf of the Company.

On January 26, 1979, the Company received approval from the Securities and Exchange Commission to conduct operations as a broker-dealer.

On February 15, 1979, the Company received approval from the Department of Corporations, State of California, to conduct operations as a broker-dealer.

On January 16, 1996 the NASD District Business Conduct Committee approved Regency Securities Inc. request to:

- A. Change the firm's business to include the wholesale and retail sales of redeemable investment company shares and variable contracts on a subscription or application basis only.
- B. To increase the number of branch offices to two (2). The number of branch offices was reduced back to one (1) in year 2000.
- C. To increase the number of registered representatives to fifteen (15).

2. Summary of Accounting Policies:

- A. Basis of Accounting: The accompanying financial statements are prepared on the accrual basis of accounting.
- B. Revenue Recognition: The nature of income is generated from doing business in the retail sales of redeemable investment company shares and variable contracts on a subscription or application basis only. Securities transactions (and related commission revenue and expense) are recorded on a settlement date basis, generally the third business day following the transaction date.

REGENCY SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

- C. Depreciation: Property and equipment are stated at cost. Depreciation of property and equipment is calculated on the straight-line method over the estimated useful lives of the assets, generally ranging from three to five years.
- D. Income Taxes: The company has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholder of an S corporation is taxed on his proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements.
- E. Use of Estimates: Management of the Company has made estimates relating to the reporting of assets at the balance date and reporting of income during the period to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates even though the differences should be insignificant.

2. Property and Equipment:

Property and equipment at December 31, 2002 and 2001 is summarized as follows:

	2002	2001
Computer	\$ <u>850</u>	\$ <u>-</u>
	850	-
Less accumulated depreciation	<u>(85)</u>	<u>-</u>
	\$ <u>765</u>	\$ <u>-</u>

3. Commitments:

Operating Leases: In July 1996, the Company entered into an operating lease for its corporate office. Before May 2002, the rent was paid through shareholder's personal account in order to compensate his personal utilization of office space, furniture and equipment. The Company started to pay rents through its corporate account from May 2002. Rent expense from May 2002 to December 2002 was \$ 6,148.

At December 31, 2002, future minimum payments under this noncancelable lease agreement for the year ending December 31, 2003 were \$ 8,228.

4. Related Party Transactions:

The following transactions occurred between the Company and the sole shareholder:

REGENCY SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

- A. The Company paid commission in the amount of \$61,984 to the shareholder based on the agreed-upon percentage of the stock sales closed by the shareholder.
 - B. The Company paid salary in the amount of \$48,000 to the shareholder in 2002 to compensate his time contributed to the administration for the operations of the Company.
 - C. The Company made health insurance premium payments in the amount of \$5,232 for the shareholder in 2002.
5. Net Capital Requirements:

Under Rule 15c3-1(a)(2) of the Securities and Exchange Commission, the Company is required to maintain net capital of \$5,000. Under Rule 15c3-1(a)(1) of the Securities and Exchange Commission, aggregate indebtedness must not exceed net capital, as those terms are defined, by a ratio of more than 15 to 1. The Company was in compliance with these requirements. Specifically, at December 31, 2002 the Company had excess net capital of \$12,346 and indebtedness of \$18,051, and at December 31, 2001 the Company had excess net capital of \$9,435 and indebtedness of \$4,098.

6. Common Stock:

On March 1, 1983, the stockholders and board of directors authorized and approved the recapitalization of the Company. The Company decreased the par value of its stock from \$20.00 to \$10.00 per share. This decrease in capital was within the rules set by the Securities and Exchange Commission.

REGENCY SECURITIES, INC.

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

	For the years ended December 31,	
	<u>2002</u>	<u>2001</u>
Common Stock	\$ <u>10,000</u>	\$ <u>10,000</u>
Retained earnings, beginning of year	\$ 4,435	\$ 3,239
Net income	6,611	1,196
Dividends	<u>(3,700)</u>	<u>-</u>
Retained earnings, end of year	\$ <u>7,346</u>	\$ <u>4,435</u>

See notes to financial statements.

REGENCY SECURITIES, INC.

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

	December 31,	
	<u>2002</u>	<u>2001</u>
Minimum net capital required		
6 2/3% of aggregate indebtedness of \$17,680 (2002); \$4,098 (2001).	\$ <u>1,177</u>	\$ <u>273</u>
Minimum dollar net capital requirement of broker-dealer	\$ <u>5,000</u>	\$ <u>5,000</u>
Net capital requirement	\$ <u>5,000</u>	\$ <u>5,000</u>
Excess net capital		
\$17,346 - \$5,000 (2002); \$14,435 - \$5,000 (2001)	\$ <u>12,346</u>	\$ <u>9,435</u>

See notes to financial statements.

REGENCY SECURITIES, INC.

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION

	December 31,	
	<u>2002</u>	<u>2001</u>
Total ownership equity	\$ 17,346	\$ 14,435
Less non-allowable assets	<u>(20)</u>	<u>(43)</u>
Total capital	<u>17,326</u>	<u>14,392</u>
Net capital before haircuts on securities positions	<u>17,326</u>	<u>14,392</u>
Net capital	\$ <u>17,326</u>	\$ <u>14,392</u>

See notes to financial statements.

REGENCY SECURITIES, INC.

RECONCILIATION OF COMPUTATION OF NET CAPITAL

	December 31,	
	<u>2002</u>	<u>2001</u>
Net capital per FOCUS part IIA report	\$ 17,346	\$ 14,435
Less:		
Interest receivable	<u>(20)</u>	<u>(43)</u>
Net capital reported under Rule 15c3-1	\$ <u>17,326</u>	\$ <u>14,392</u>

See notes to financial statements.