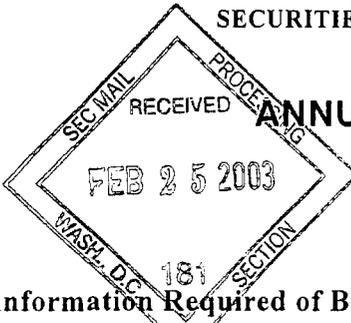


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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



**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- 53498

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: REICON SECURITIES, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
3290 Northside Parkway, N.W. Suite 200

OFFICIAL USE ONLY  
FIRM I.D. NO.

(No. and Street)

Atlanta

GA.

30327

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Stephanie E. Busuttil, Introducing FINOP (404) 926-3603  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Cerqueda, Morgan, Gault & Collins, LP  
(Name - if individual, state last, first, middle name)

757 Franklin Road Marietta GA 30067  
(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 11 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)

OATH OR AFFIRMATION

I, Stephanie E. Busuttil, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Reicon 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:

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

Stephanie E. Busuttil  
Signature

Introducing FINOP  
Title

Debbie Spodis  
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).

**REICON SECURITIES, LLC**

FINANCIAL STATEMENTS

December 31, 2002



CERQUEDA, MORGAN,  
GAULT & COLLINS, LLP

Certified Public Accountants

## Independent Auditor's Report

Board of Directors  
Reicon Securities, LLC

We have audited the accompanying statement of financial condition of Reicon Securities, LLC (the Company), a subsidiary of Reicon Capital, LLC, as of December 31, 2002, and the related statements of operations and changes in members' equity, and cash flows for the year then ended, 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 these financial statements based on our audit.

We conducted our audit 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 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 Reicon Securities, LLC as of December 31, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, and III 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 audits 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.

*Cerqueda Morgan Gault & Collins LLP*

Cerqueda, Morgan, Gault & Collins, LLP

February 14, 2003



757 Franklin Road • Marietta, Georgia 30067

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Members American Institute and Georgia Society of Certified Public Accountants

Member Firm



**REICON SECURITIES, LLC**  
**Statement of Financial Condition**  
**December 31, 2002**

|  | <u>2002</u>      |
|--|------------------|
| <b>Assets</b>                                |                  |
| Cash   | \$ 16,934        |
| <b>Total Assets</b>                          | <u>16,934</u>    |
| <br>   |                  |
| <b>Liabilities</b>                           | 0                |
| <br>   |                  |
| <b>Members' Equity</b>                       |                  |
| Members' Equity                              | 16,934           |
| <b>Total Members' Equity</b>                 | <u>16,934</u>    |
| <br>   |                  |
| <b>Total Liabilities and Members' Equity</b> | <u>\$ 16,934</u> |

The accompanying notes are an integral part of these financial statements.

**REICON SECURITIES, LLC**  
**Statement of Operations and Changes in Members' Equity**  
**For The Year Ended December 31, 2002**

|                               | <u>2002</u>             |
|-------------------------------|-------------------------|
| <b>Sales Revenue</b>          | \$ 0                    |
| <b>Expenses</b>               |                         |
| Other Insurance Expense       | 363                     |
| Licenses, Fees, & Other Taxes | 1,922                   |
| Professional Fees             | 27,112                  |
|                               | <u>29,397</u>           |
| <b>Total Expenses</b>         | <u>29,397</u>           |
| <b>Net Loss</b>               | (29,397)                |
| <b>Members' Contributions</b> | 46,331                  |
|                               | <u>46,331</u>           |
| <b>Ending Members' Equity</b> | <u><u>\$ 16,934</u></u> |

The accompanying notes are an integral part of these financial statements.

**REICON SECURITIES, LLC**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2002**

|   | <u>2002</u>      |
|---|------------------|
| <b>Cash flows from operating activities</b>           |                  |
| Net loss  | \$ (29,397)      |
|   | <u>(29,397)</u>  |
| Net cash provided by (used in) operating activities   | (29,397)         |
| <b>Cash flows from financing activities</b>           |                  |
| Members' additional capital contributions             | 31,489           |
|   | <u>31,489</u>    |
| Net increase from financing activities                | 31,489           |
| <b>Net increase in cash and cash equivalents</b>      | 2,092            |
| <b>Cash and cash equivalents at beginning of year</b> | 14,842           |
|   | <u>14,842</u>    |
| <b>Cash and cash equivalents at end of year</b>       | <u>\$ 16,934</u> |

**Supplemental disclosure of noncash financing activities:**

The Company received additional members' capital contributions totaling \$11,489 to fund expenses for the year ending, December 31, 2002.

The accompanying notes are an integral part of these financial statements.

**REICON SECURITIES, LLC**  
**Notes to Financial Statements**  
**December 31, 2002**

**1. Organization and Nature of Business**

The Company is being registered for the sole purpose of distributing private, limited partnership interests to investors who are “accredited investors” as defined in Regulation D under the Securities Act of 1933. The limited partnerships will be created and/or managed by the Company’s affiliates, and will invest primarily in securities. However, some limited partnerships may invest in real estate either directly or indirectly.

The Company will not trade in publicly issued securities, make solicitations, hold customer assets, or perform other activities normally associated with a broker-dealer. The Company will not charge any fees or receive any compensation for its services. It will be completely subsidized by its parent, Reicon Capital, LLC (“Parent”).

The Company does not have assets, except that it will maintain cash in a bank account to meet the net capital requirements, and it will obtain a fidelity bond as required by NASD Rule 3020. Reicon Capital, LLC (“Parent”) will finance the Company’s operations.

**2. Significant Accounting Policies**

**Basis of Presentation**

The financial statements represent the accounts of Reicon Securities, LLC, a subsidiary of Reicon Capital, LLC. Reicon Securities, LLC will not have any income or pay for its own expenses. Reicon Capital, LLC (“Parent”) pays all of the Company’s organizational expenses, including membership fees, legal fees, registration fees, and licensing fees directly during the organizational state. On going expenses are covered through funds deposited in the Company’s bank account and by an inter-company agreement between the Parent and the Company, in which the Parent agrees to fund the Company’s future expenses.

**Securities Transactions**

The Company will only distribute private limited partnership interests to persons who are “accredited investors.” The offerings will be governed by Regulation D of the Securities Act of 1933. Regulation D offerings cannot be public offerings, and there can be no general solicitation of the interests. The Company will not and cannot engage in marketing efforts.

The Company will not issue brochures, participate in seminars, mass mailing, or other marketing initiatives. The Company will only issue Private Placement Memorandums, Limited Partnership Agreements and Subscription Booklets regarding the limited partnerships to interested investors who contact the Company as a result of existing relationships or through referrals. The Company will not compensate anyone for referrals.

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**REICON SECURITIES, LLC**  
**Notes to Financial Statements (Continued)**  
**December 31, 2002**

**2. Significant Accounting Policies (Continued)**

The Company will not make markets in securities, have inventory positions, proprietary positions or engage in securities-related contractual commitments such as underwritings.

**Statement of Cash Flows**

For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than ninety days, that are not held for sale in the ordinary course of business.

**3. Income Taxes**

No provision for federal and state income taxes have been made in the financial statements since the Company's losses are reported on the individual members' tax returns.

**REICON SECURITIES, LLC**  
**Schedule I**  
**Net Capital Computation**  
**Under Rule 15c3-3 of the Securities and Exchange Commission**  
**December 31, 2002**

|                          | <u>2002</u>      |
|--------------------------|------------------|
| <b>Total Assets</b>      | \$ 16,934        |
| <b>Total Liabilities</b> | <u>0</u>         |
|                          | <u>16,934</u>    |
| <b>Adjustments*</b>      | (460)            |
|                          | <u>\$ 16,474</u> |

**\*Non-Allowable Assets and Haircuts**

Pursuant to paragraph (a)(2)(vi) of Rule 15c3-1 of the Securities Exchange Act of 1934, Reicon Securities is required to maintain net capital of \$5,000 since it does not (and will not) "receive, directly or indirectly, or hold funds or securities for, or owe funds or securities to, customers and does not [and will not] carry accounts of, or for, customers and does not [and will not] engage in any activities described in paragraphs (a)(2)(i) through (v) of [Rule 15c3-1]."

**REICON SECURITIES, LLC**  
**Schedule II**  
**Computation for Determination of Reserve Requirements**  
**Under Rule 15c3-3 of the Securities and Exchange Commission**  
**December 31, 2002**

|                               | <u>2002</u> |
|-------------------------------|-------------|
| <b>Credit Balances</b>        | \$ 0        |
| <b>Debit Balances</b>         | <u>0</u>    |
| <b>Reserve Computation</b>    |             |
| Excess of debits over credits | <u>\$ 0</u> |
| <b>Required deposit</b>       | <u>NONE</u> |

There are no material differences from the company's computation and a reconciliation is not included.

**REICON SECURITIES, LLC**  
**Schedule III**  
**Information Relating to Possession or Control Requirements**  
**Under Rule 15c3-3 of the Securities and Exchange Commission**  
**December 31, 2002**

2002

|  |  |
|--|--|
| <p>1. Customers' fully paid and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date but for which the required action was not taken by respondent within the time frames specified under rule 15c3-3):</p> | <p>\$ 0</p> <hr style="border-top: 3px double #000;"/> |
| A. Number of items   | <p>0</p> <hr style="border-top: 3px double #000;"/>    |
| <p>2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under rule 15c3-3.</p>  | <p>\$ 0</p> <hr style="border-top: 3px double #000;"/> |
| A. Number of items   | <p>0</p> <hr style="border-top: 3px double #000;"/>    |