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SECURITIES EXCHANGE COMMISSION  
Washington, D.C. 20549

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

FACING PAGE

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

MAR 07 2003



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:

ABEL/NOSER CORP.

|                   |
|-------------------|
| OFFICIAL USE ONLY |
| FIRM ID. NO.      |

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

90 BROAD STREET 23rd FLOOR

NEW YORK NEW YORK 10004

(City)

(State)

(Zip Code)

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

PAUL M. ROSENTHAL 212 344-2610

(Area Code — Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

BERNARD KATZ & CO. P.C.

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

ONE MAYFAIR ROAD EASTCHESTER NEW YORK 10709

(Address) (City) (State) Zip Code)

CHECK ONE:

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

PROCESSED

|                       |                   |
|-----------------------|-------------------|
| FOR OFFICIAL USE ONLY | MAR 28 2003       |
|                       | 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, PAUL M. ROSENTHAL, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ABEL/NOSER CORP., 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 of Paul M. Rosenthal

Signature

EXECUTIVE VICE PRESIDENT

Title

Signature of Notary Public

Notary Public

RAVI JETHMAL
Notary Public, State of New York
No. 01JE6053098
Qualified in New York County

Commission Expires January 2, 2007

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 Proprietor's 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 15c3-1 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).

**ABEL/NOSER CORP.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2002**

**ABEL/NOSER CORP.**  
**Financial Statements**  
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**BERNARD KATZ & Co., P.C.**

Certified Public Accountants

One Mayfair Road  
Eastchester, N.Y. 10709  
Tel. (914) 779-7555  
Fax (914) 779-0024

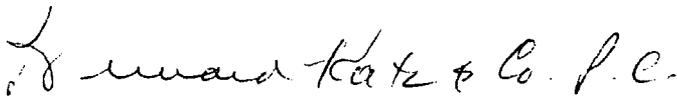
Board of Directors  
Abel/Noser Corp.  
New York, NY

We have audited the accompanying statement of financial condition of Abel/Noser Corp. as of December 31, 2002, and the related statements of income, changes in stockholders' 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 Abel/Noser Corp. 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 the Supplementary Information section 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 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.



Eastchester, New York  
February 20, 2003

**ABEL/NOSER CORP.**  
**Statement of Financial Condition**  
**December 31, 2002**

**ASSETS**

|   |                      |
|---|----------------------|
| Cash  | \$ 765,524           |
| Cash segregated in compliance with federal and other regulations                                      | 78,717               |
| Receivable from clearing broker   | 832,121              |
| Receivables - other   | 184,773              |
| Prepaid expenses  | 229,467              |
| Marketable securities, at cost, which equals market value   | 3,979,258            |
| United States Treasury Note segregated in compliance with<br>federal and other regulations, at market | 4,343,963            |
| Securities not readily marketable   | 3,300                |
| Exchange membership, at cost (market value \$2,000,000)   | 372,500              |
| Property and improvements   | 509,568              |
| Rent security deposits  | 62,907               |
|   | <hr/>                |
|   | <u>\$ 11,362,098</u> |

**LIABILITIES AND STOCKHOLDERS' EQUITY**

|   |                      |
|---|----------------------|
| Payable to customers                                      | \$ 5,131,613         |
| Accounts payable, accrued expenses, and other liabilities | 873,761              |
|   | <hr/>                |
|   | 6,005,374            |
| Commitments and contingent liabilities                    |                      |
| Stockholders' equity                                      |                      |
| Capital stock   | 60,504               |
| Retained earnings   | 5,296,220            |
|   | <hr/>                |
| Total stockholders' equity                                | 5,356,724            |
|   | <hr/>                |
|   | <u>\$ 11,362,098</u> |

The accompanying notes are an integral part of these financial statements

**ABEL/NOSER CORP.**  
**Statement of Income**  
**For the Year Ended December 31, 2002**

**Revenues**

|                                       |               |
|---------------------------------------|---------------|
| Net commissions                       | \$ 28,066,313 |
| Transaction measurement analyses fees | 1,121,244     |
| Interest and dividends                | 194,456       |
| Insurance recovery                    | 250,000       |
| Other                                 | 362,158       |
|                                       | <hr/>         |
|                                       | 29,994,171    |

**Expenses**

|  |            |
|--|------------|
| Employee compensation and benefits           | 17,441,033 |
| Floor brokerage, exchange and clearance fees | 5,245,561  |
| Communications and data processing           | 644,374    |
| Information services                         | 1,201,188  |
| Occupancy costs                              | 337,800    |
| Other operating expenses                     | 1,801,025  |
|  | <hr/>      |
|  | 26,670,981 |

Income before income taxes 3,323,190

Provision for income taxes 305,829

**Net income** \$ 3,017,361

The accompanying notes are an integral part of these financial statements

**ABEL/NOSER CORP.**  
**Statement of Changes in Stockholders' Equity**  
**For the Year Ended December 31, 2002**

|                                      | <u>Capital<br/>Stock</u> | <u>Retained<br/>Earnings</u> | <u>Total</u>        |
|--------------------------------------|--------------------------|------------------------------|---------------------|
| Balances at January 1, 2002          | \$ 60,504                | \$ 5,278,859                 | \$ 5,339,363        |
| Net income                           |                          | 3,017,361                    | 3,017,361           |
| Distributions to shareholders        |                          | (3,000,000)                  | (3,000,000)         |
| <b>Balances at December 31, 2002</b> | <u>\$ 60,504</u>         | <u>\$ 5,296,220</u>          | <u>\$ 5,356,724</u> |

The accompanying notes are an integral part of these financial statements

**ABEL/NOSER CORP.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2002**

**OPERATING ACTIVITIES**

|   |                  |
|---|------------------|
| Net income  | \$ 3,017,361     |
| Adjustments to reconcile net income to cash provided from operating activities: |                  |
| Depreciation and amortization   | 375,570          |
| Decrease (increase) in operating assets:  |                  |
| Receivable from clearing broker   | (423,965)        |
| Receivables - other   | (71,141)         |
| Prepaid expenses  | 76,574           |
| Increase (decrease) in operating liabilities:                                   |                  |
| Payable to customers  | (165,112)        |
| Accounts payable, accrued expenses, and other liabilities                       | 124,755          |
| Cash provided from operations   | <u>2,934,042</u> |

**INVESTING ACTIVITIES**

|   |                |
|---|----------------|
| Acquisitions of property and improvements   | (134,548)      |
| Proceeds from sale of marketable securities | 689,683        |
| Acquisition of United States Treasury Bill  | (248,285)      |
| Redemption of United States Treasury Bill   | 4,386,000      |
| Acquisition of United States Treasury Note  | (4,308,180)    |
| Accrued interest                            | (35,783)       |
| Rent security deposit increase              | (1,839)        |
| Cash provided from investing activities     | <u>347,048</u> |

**FINANCING ACTIVITIES**

|                                      |                    |
|--------------------------------------|--------------------|
| Distribution to shareholders         | (3,000,000)        |
| Cash (used for) financing activities | <u>(3,000,000)</u> |
| Increase in cash                     | <u>281,090</u>     |
| Increase in cash - unsegregated      | 202,373            |
| Increase in cash - segregated        | <u>78,717</u>      |
| Total                                | 281,090            |
| Cash - beginning of year             | <u>563,151</u>     |
| <b>Cash - end of year</b>            | <b>\$ 844,241</b>  |

**SUPPLEMENTAL INFORMATION**

|  |                   |
|--|-------------------|
| Cash paid during the year for income taxes | <u>\$ 220,629</u> |
|--|-------------------|

The accompanying notes are an integral part of these financial statements

**ABEL/NOSER CORP.**  
**Schedules**  
**For the Year Ended December 31, 2002**

**Employee compensation and benefits**

**Salaries**

|                               |                  |
|-------------------------------|------------------|
| Trading department            | \$ 2,661,905     |
| Sales department              | 4,119,723        |
| Computer department           | 1,764,847        |
| Administrative and compliance | 762,880          |
| Officers                      | <u>7,308,846</u> |

16,618,201

**Payroll taxes and employee fringe benefits**

|                               |                |
|-------------------------------|----------------|
| Trading department            | 115,593        |
| Sales department              | 147,392        |
| Computer department           | 89,044         |
| Administrative and compliance | 43,249         |
| Officers                      | 113,719        |
| Medical benefits              | <u>313,835</u> |

822,832

\$ 17,441,033

**Other operating expenses**

**Trading department**

|                  |            |
|------------------|------------|
| Travel and meals | \$ 147,841 |
|------------------|------------|

**Sales department**

|                               |         |
|-------------------------------|---------|
| Travel and meals              | 630,036 |
| Dues, subscriptions and other | 62,560  |
| Sales support                 | 121,563 |

**General administrative**

|                               |                |
|-------------------------------|----------------|
| Maintenance and repairs       | 47,791         |
| Insurance                     | 69,200         |
| Travel and meals              | 94,980         |
| Office supplies               | 61,737         |
| Charitable contributions      | 28,673         |
| Professional fees             | 86,947         |
| Other                         | 74,127         |
| Depreciation and amortization | <u>375,570</u> |

\$ 1,801,025

**ABEL/NOSER CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

**1 - Organization and description of business**

Abel/Noser Corp. (the Company) is a New York corporation which commenced operations in October, 1975. The Company is owned equally by two of its officers, Stanley S. Abel and Eugene A. Noser, Jr.

The Company is an institutional discount brokerage firm that specializes in valuation, transaction measurement, and securities trading services, primarily for corporate and institutional retirement plans. The Company is a member of the New York Stock Exchange and other regional exchanges, as well as the Securities Investor Protection Corporation.

Net commissions generated by one of the Company's customers were \$4,957,000 which was 18% of the Company's net commissions.

**2 - Significant accounting policies**

**Proprietary securities transactions**

Marketable securities and United States Treasury Notes are recorded at market value. Securities not readily marketable are recorded at fair value as determined by management.

**Exchange membership**

Exchange membership is carried at cost.

**Net Commissions**

Commissions and related clearing expenses are recorded on a trade date basis.

**Depreciation**

Furniture, equipment and computer hardware and software are depreciated for book and tax purposes on an accelerated basis over their useful lives. Automobiles are depreciated on an accelerated basis using rates prescribed by the Internal Revenue Service. Leasehold improvements are amortized on a straight-line basis over the life of the lease.

**2 - Significant accounting policies (continued)**

**Income taxes**

The Company and its shareholders have elected for the Company to be treated as a Subchapter S Corporation and accordingly it is not subject to federal corporate income taxes. However, the Company is subject to New York State Franchise and New York City General Corporation taxes.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual amounts could differ from those estimates.

**3 - Receivables - other**

This is comprised of the following:

|                                      |                  |
|--------------------------------------|------------------|
| Advances to customers                | \$ 87,096        |
| Transaction measurement service fees | 95,500           |
| Employee and sundry receivables      | <u>2,177</u>     |
| Total                                | <u>\$184,773</u> |

**4 - Marketable securities, at cost, which equals market value**

The Company has deposited these funds in the JP Morgan Prime Money Market Select Shares fund.

**5 - United States Treasury Note segregated in compliance with federal and other regulations**

Securities and Exchange Commission Rule 15c3-3 requires the Company to maintain on deposit, in a segregated account, the excess of certain customer related credits over the customer related debits. At December 31, 2002 the company had cash and a United States Treasury Note totaling \$4,422,680 segregated in a special reserve account. The customer credit balances reserved for at December 31, 2002 were as follows:

|                 |                    |
|-----------------|--------------------|
| Refund clients  | \$ 877,426         |
| Pension clients | <u>2,504,123</u>   |
| Total           | <u>\$3,381,549</u> |

**6 - Property and improvements**

This is comprised of:

|  |                   |
|--|-------------------|
| Furniture and fixtures                           | \$ 369,889        |
| Computer equipment and software                  | 1,293,394         |
| Automobiles                                      | 69,778            |
| Leasehold improvements                           | <u>613,324</u>    |
|  | 2,346,385         |
| Less - accumulated depreciation and amortization | <u>1,836,817</u>  |
| Fixed assets, net                                | <u>\$ 509,568</u> |

**7 - Accounts payable, accrued expenses and other liabilities**

This is comprised of the following:

|   |                   |
|---|-------------------|
| Trade payables                            | \$ 446,100        |
| Accrued salaries, commissions and bonuses | 291,044           |
| Other accrued expenses                    | 130,367           |
| Deferred income                           | <u>6,250</u>      |
| Total                                     | <u>\$ 873,761</u> |

**8 - Capital stock and stockholders' equity**

There are 200 shares of common stock without par value authorized; 100 shares are issued and outstanding.

**9 - Net capital requirements**

Securities and Exchange Commission Rule 15c3-1 requires the Company to maintain a minimum net capital as adjusted for certain nonallowable assets and discounts. The rule also requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1.

At December 31, 2002, the Company had net capital of \$3,870,784, which was \$3,470,426 in excess of the required \$400,358. The Company's net capital ratio was 1.55 to 1.

**10 - Commitments and contingencies**

The Company is obligated under a noncancellable operating lease for its premises. The lease term ends on March 31, 2004 and has the following minimum annual payments:

|      |            |
|------|------------|
| 2003 | \$ 307,000 |
| 2004 | \$ 98,000  |

The operating lease is subject to periodic escalation charges. The Company has an option to extend the lease at the end of its term. Rent expense for 2002 was \$301,911.

**11 - Retirement savings plan**

All employees of the Company are eligible to participate in the Abel/Noser Corp. Voluntary Retirement Savings Plan, which is a 401(k) pretax salary reduction plan with no matching contributions by the employer.

**12 - Off Balance - Sheet Credit Risk**

In the normal course of business, the Company's customer and correspondent clearance activities involve the execution and settlement of various customer securities transactions. These activities may expose the Company to off balance-sheet risk in the event the customer is unable to fulfill its contracted obligations.

The Company's customer securities activities are transacted on either a delivery versus payment, cash or margin basis. In delivery versus payment transactions, the Company is exposed to risk of loss in the event of the customers' or brokers' inability to meet the terms of their contracts. In the event the customers or brokers fail to satisfy their obligations, the Company may be required to purchase or sell securities at prevailing market prices in order to fulfill the obligations.

The Company's exposure to credit risk can be directly impacted by volatile securities markets which may impair the ability of counterparties to satisfy their contractual obligations. The Company seeks to control its credit risk through a variety of reporting and control procedures. The company has historically maintained credit policies which are more stringent than regulatory guidelines.

**BERNARD KATZ & Co., P.C.**

Certified Public Accountants

One Mayfair Road  
Eastchester, N.Y. 10709  
Tel. (914) 779-7555  
Fax (914) 779-0024

**Independent Auditor's Report on Internal Control Structure Required  
by SEC Rule 17a-5**

Board of Directors  
Abel/Noser Corp.  
New York, NY

In planning and performing our audit of the financial statements of Abel/Noser Corp. (the Company) for the year ended December 31, 2002, we considered its internal control, including control activities 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.

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 compliance with such practices and procedures followed by the Company that we considered relevant to the objectives stated in Rule 17a-5(g) in the following: (1) making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e); (2) making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13; (3) complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System; and (4) obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

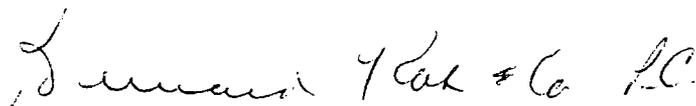
The management of the Company is responsible for establishing and maintaining an internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related 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 preparation of financial statements in conformity with accounting principles generally accepted in the United States. 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 securities, that we consider to be material weaknesses as defined above.

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 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 information and use of the Board of Directors, management, the Securities and Exchange Commission, the New York Stock Exchange and other regulatory agencies which 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.



Bernard Katz & Co., P.C.  
Eastchester, New York  
February 20, 2003

**ABEL/NOSER CORP.**  
**Computation of Net Capital Under Rule 15c3-1 of the**  
**Securities and Exchange Commission**  
**As of December 31, 2002**

NET CAPITAL

|   |              |
|---|--------------|
| Total stockholders' equity                          | \$ 5,356,724 |
| Deductions and/or charges: Non-allowable assets     |              |
| Exchange membership                                 | \$ 372,500   |
| Property and improvements                           | 509,568      |
| Receivables - other                                 | 184,773      |
| Prepaid expenses                                    | 229,467      |
| Rent security deposits                              | 62,907       |
| Securities not readily marketable                   | 3,300        |
| Other   | 400          |
|   | 1,362,915    |
| Net capital before haircuts on securities positions | 3,993,809    |
| Haircuts on securities positions                    | 123,025      |
| Net capital   | \$ 3,870,784 |

AGGREGATE INDEBTEDNESS

|   |              |
|---|--------------|
| Customer credits payable - 28(e)                          | \$ 5,131,613 |
| Accounts payable, accrued expenses, and other liabilities | 873,761      |
| Total aggregate indebtedness                              | \$ 6,005,374 |

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

|   |              |
|---|--------------|
| Minimum net capital required, at 6 2/3% of aggregate indebtedness                           | \$ 400,358   |
| Minimum net capital requirement for Broker/Dealer under the S.E.C. Uniform Net Capital Rule | \$ 250,000   |
| Greater of the two minimum requirement amounts above  | \$ 400,358   |
| Net capital   | \$ 3,870,784 |
| Excess Net Capital  | \$ 3,470,426 |
| Ratio: Aggregate indebtedness to net capital  | 1.55 to 1    |

No material differences exist between the above computation of net capital and the computation included in the Company's unaudited Focus Report, Form X-17-A-5, Part IIA filing.

**ABEL/NOSER CORP.**  
**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS**  
**UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION**  
**AS OF DECEMBER 31, 2002**

**CREDIT BALANCES**

|  |                     |
|--|---------------------|
| Customer credits payable to 28(e) refund and pension clients - December 31, 2002 | <u>\$ 3,381,549</u> |
| Total credit items   | 3,381,549           |

**DEBIT BALANCES**

|  |                            |
|--|----------------------------|
|  | <u>None</u>                |
| <b>Excess of total credits over total debits</b> | <u><u>\$ 3,381,549</u></u> |

**RESERVE COMPUTATION**

|   |                            |
|---|----------------------------|
| Required reserve balance  | \$ 3,381,549               |
| Amount held on deposit in Special Reserve accounts at December 31, 2002 | <u>4,422,680</u>           |
| Excess of reserve accounts over required reserve                        | <u><u>\$ 1,041,131</u></u> |

The Company computes its reserve requirements weekly and covers its deposit requirements by no later than one hour after the opening of banking business on the second business day following the determination.

No material differences exist between the above computation and the computation included in the Company's unaudited Focus Report, Form X-17A-5, Part II filing.

**Reconciliation of Audited and Unaudited Financial Condition**

|   |                            |
|---|----------------------------|
| Total ownership equity per unaudited Focus Report | <u>\$ 5,356,725</u>        |
| Total ownership equity per Audit Report           | <u><u>\$ 5,356,724</u></u> |

**ABEL/NOSER CORP.**

**SUPPLEMENTARY INFORMATION  
PURSUANT TO RULE 17a-5 OF THE  
SECURITIES EXCHANGE ACT OF 1934  
AS OF DECEMBER 31, 2002**

**Material Inadequacies**

Our audit program included periodic reviews of practices and procedures of the Company to ascertain that (1) computations of aggregate indebtedness and net capital under Rule 17A-5 are proper and within prescribed limits, (2) the conditions of Rule 15C-3-3 are being complied with.

There were no material inadequacies at the date of our examination in the accounting system or internal accounting controls with regard to the computation of aggregate indebtedness and net capital under Rule 17A-5, or complying with the conditions of Rule 15C-3-3.

No conditions or inadequacies in the Company's accounting system or internal controls have arisen since the date of our audit that require any corrective action.

See separate Report on Internal Control Structure to the Board of Directors.

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

FOCUS REPORT

(FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT)

PART II 11

FORM  
X-17A-5

(Please read instructions before preparing Form)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a)  16      2) Rule 17a-5(b)  17      3) Rule 17a-11  18  
4) Special request by designated examining authority  19      5) Other  26

NAME OF BROKER-DEALER

Abel/Noser Corp.  13

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

90 Broad Street  20

(No. and Street)

New York  21      NY  22      10004 2279  23

(City)

(State)

(Zip Code)

SEC. FILE NO.

8-21897  14

FIRM ID NO.

13-2833083  15

FOR PERIOD BEGINNING (MM/DD/YY)

01/01/02  24

AND ENDING (MM/DD/YY)

12/31/02  25

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT - (Area code) - Telephone No.

Paul M. Rosenthal  30      (212)344-2610  31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT

OFFICIAL USE

32  33

34  35

36  37

38  39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS ? YES  40 NO  41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT  42

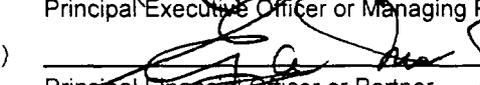
EXECUTION:

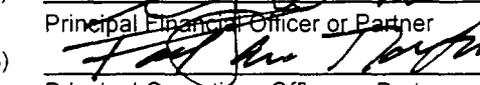
The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 28th day of February 20 03

Manual Signatures of:

1)   
Principal Executive Officer or Managing Partner

2)   
Principal Financial Officer or Partner

3)   
Principal Operations Officer or Partner

ATTENTION - Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78:f (a) )



**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

BROKER OR DEALER

as of 12/31/02

Abel/Noser Corp.

**STATEMENT OF FINANCIAL CONDITION**

**ASSETS (continued)**

|   | <u>Allowable</u> | <u>Nonallowable</u> | <u>Total</u>      |
|---|------------------|---------------------|-------------------|
| E. Stocks and warrants .....  | \$ 410           |                     |                   |
| F. Options .....  | 420              |                     |                   |
| G. Arbitrage .....  | 422              |                     |                   |
| H. Other securities .....   | 3,979,258 424    |                     |                   |
| I. Spot Commodities .....   | 430              |                     |                   |
| J. Total inventory - includes encumbered securities of ... \$   | 120              |                     | \$ 8,323,221 850  |
| 8. Securities owned not readily marketable:   |                  |                     |                   |
| A. At Cost .....  | \$ 130 440       | \$ 3,300 610        | \$ 3,300 860      |
| 9. Other investments not readily marketable:  |                  |                     |                   |
| A. At Cost .....  | \$ 140           |                     |                   |
| B. At estimated fair value .....  | 450              | 620                 | 870               |
| 10. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value: |                  |                     |                   |
| A. Exempted securities .....  | \$ 150           |                     |                   |
| B. Other .....  | \$ 160 460       | 630                 | 880               |
| 11. Secured demand notes - market value of collateral:  |                  |                     |                   |
| A. Exempted securities .....  | \$ 170           |                     |                   |
| B. Other .....  | \$ 180 470       | 640                 | 890               |
| 12. Memberships in exchanges:   |                  |                     |                   |
| A. Owned, at market value .....   | \$ 190           |                     |                   |
| B. Owned at cost .....  |                  | 372,500 650         |                   |
| C. Contributed for use of company, at market value .....  |                  | 660                 | 372,500 900       |
| 13. Investment in and receivables from affiliates, subsidiaries and associated partnerships .....                                 | 480              | 670                 | 910               |
| 14. Property, furniture, equipment, leasehold improvements and rights under lease agreements:                                     |                  |                     |                   |
| At cost (net of accumulated depreciation and amortization) .....  | 490              | 509,568 680         | 509,568 920       |
| 15. Other Assets:   |                  |                     |                   |
| A. Dividends and interest receivable .....  | 500              | 690                 |                   |
| B. Free shipments .....   | 510              | 700                 |                   |
| C. Loans and advances .....   | 520              | 89,273 710          |                   |
| D. Miscellaneous .....  | 530              | 292,775 720         |                   |
| E. Collateral accepted under SFAS 140 .....   | 536              |                     |                   |
| F. SPE Assets .....   | 537              |                     | 382,048 930       |
| 16. TOTAL ASSETS .....  | \$ 9,999,183 540 | \$ 1,362,916 740    | \$ 11,362,099 940 |

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

BROKER OR DEALER  
Abel/Noser Corp.

as of 12/31/02

**STATEMENT OF FINANCIAL CONDITION  
LIABILITIES AND OWNERSHIP EQUITY**

| <u>Liabilities</u>   | <u>A.I.<br/>Liabilities</u> * | <u>Non-A.I.<br/>Liabilities</u> * | <u>Total</u>   |
|--|-------------------------------|-----------------------------------|----------------|
| 17. Bank loans payable:  |                               |                                   |                |
| A. Includable in "Formula for Reserve Requirements" .....                            | \$ 1030                       | \$ 1240                           | \$ 1460        |
| B. Other .....   | 1040                          | 1250                              | 1470           |
| 18. Securities sold under repurchase agreements.                                     |                               | 1260                              | 1480           |
| 19. Payable to brokers or dealers and clearing organizations:                        |                               |                                   |                |
| A. Failed to receive:  |                               |                                   |                |
| 1. Includable in "Formula for Reserve Requirements" .....                            | 1050                          | 1270                              | 1490           |
| 2. Other .....   | 1060                          | 1280                              | 1500           |
| B. Securities loaned:  |                               |                                   |                |
| 1. Includable in "Formula for Reserve Requirements" .....                            | 1070                          |                                   | 1510           |
| 2. Other .....   | 1080                          | 1290                              | 1520           |
| C. Omnibus accounts:   |                               |                                   |                |
| 1. Includable in "Formula for Reserve Requirements" .....                            | 1090                          |                                   | 1530           |
| 2. Other .....   | 1095                          | 1300                              | 1540           |
| D. Clearing organizations:   |                               |                                   |                |
| 1. Includable in "Formula for Reserve Requirements" .....                            | 1100                          |                                   | 1550           |
| 2. Other .....   | 1105                          | 1310                              | 1560           |
| E. Other .....   | 1110                          | 1320                              | 1570           |
| 20. Payable to customers:  |                               |                                   |                |
| A. Securities accounts - including free credits of .....                             | \$ 950 1120                   |                                   | \$ 1580        |
| B. Commodities accounts .....  | 1130                          | 1330                              | 1590           |
| 21. Payable to to non customers:   |                               |                                   |                |
| A. Securities accounts .....   | 1140                          | 1340                              | 1600           |
| B. Commodities accounts .....  | 1150                          | 1350                              | 1610           |
| 22. Securities sold not yet purchased at market value - including arbitrage of ..... | \$ 960                        | 1360                              | 1620           |
| 23. Accounts payable and accrued liabilities and expenses:                           |                               |                                   |                |
| A. Drafts payable .....  | 1160                          |                                   | 1630           |
| B. Accounts payable .....  | 446,100 1170                  |                                   | 446,100 1640   |
| C. Income taxes payable .....  | 1180                          |                                   | 1650           |
| D. Deferred income taxes .....   |                               | 1370                              | 1660           |
| E. Accrued expenses and other liabilities ..   | 5,553,024 1190                |                                   | 5,553,024 1670 |
| F. Other .....   | 6,250 1200                    | 1380                              | 6,250 1680     |
| G. Obligation to return securities .....   |                               | 1386                              | 1686           |
| H. SPE Liabilities .....   |                               | 1387                              | 1687           |

OMIT PENNIES

\*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.



**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT**

**PART II**

|                                      |                       |
|--------------------------------------|-----------------------|
| BROKER OR DEALER<br>Abel/Noser Corp. | as of <u>12/31/02</u> |
|--------------------------------------|-----------------------|

**COMPUTATION OF NET CAPITAL**

|  |    |                  |                 |
|--|----|------------------|-----------------|
| 1. Total ownership equity (from Statement of Financial Condition - Item 1800)                      | \$ | <u>5,356,725</u> | <u>3480</u>     |
| 2. Deduct: Ownership equity not allowable for Net Capital  |    |                  | ( <u>3490</u> ) |
| 3. Total ownership equity qualified for Net Capital  |    | <u>5,356,725</u> | <u>3500</u>     |
| 4. Add:  |    |                  |                 |
| A. Liabilities subordinated to claims of general creditors allowable in computation of net capital |    |                  | <u>3520</u>     |
| B. Other (deductions) or allowable credits (List)  |    |                  | <u>3525</u>     |
| 5. Total capital and allowable subordinated liabilities  | \$ | <u>5,356,725</u> | <u>3530</u>     |
| 6. Deductions and/or charges:  |    |                  |                 |
| A. Total non-allowable assets from   |    |                  |                 |
| Statement of Financial Condition (Notes B and C)   | \$ | <u>1,362,916</u> | <u>3540</u>     |
| 1. Additional charges for customers' and non-customers' security accounts                          |    |                  | <u>3550</u>     |
| 2. Additional charges for customers' and non-customers' commodity accounts                         |    |                  | <u>3560</u>     |
| B. Aged fail-to-deliver:   |    |                  | <u>3570</u>     |
| 1. number of items   |    | <u>3450</u>      |                 |
| C. Aged short security differences-less reserve of   | \$ | <u>3460</u>      | <u>3580</u>     |
| number of items  |    | <u>3470</u>      |                 |
| D. Secured demand note deficiency  |    |                  | <u>3590</u>     |
| E. Commodity futures contracts and spot commodities - proprietary capital charges                  |    |                  | <u>3600</u>     |
| F. Other deductions and/or charges   |    |                  | <u>3610</u>     |
| G. Deductions for accounts carried under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x)                   |    |                  | <u>3615</u>     |
| H. Total deductions and/or charges   |    | <u>1,362,916</u> | <u>3620</u>     |
| 7. Other additions and/or allowable credits (List)   |    |                  | <u>3630</u>     |
| 8. Net Capital before haircuts on securities positions   | \$ | <u>3,993,809</u> | <u>3640</u>     |
| 9. Haircuts on securities: (computed, where applicable, pursuant to 15c3-1(f)):                    |    |                  |                 |
| A. Contractual securities commitments  | \$ |                  | <u>3660</u>     |
| B. Subordinated securities borrowings  |    |                  | <u>3670</u>     |
| C. Trading and investment securities:  |    |                  |                 |
| 1. Bankers' acceptances, certificates of deposit and commercial paper                              |    |                  | <u>3680</u>     |
| 2. U.S. and Canadian government obligations  |    | <u>43,440</u>    | <u>3690</u>     |
| 3. State and municipal government obligations  |    |                  | <u>3700</u>     |
| 4. Corporate obligations   |    |                  | <u>3710</u>     |
| 5. Stocks and warrants   |    |                  | <u>3720</u>     |
| 6. Options   |    |                  | <u>3730</u>     |
| 7. Arbitrage   |    |                  | <u>3732</u>     |
| 8. Other securities  |    | <u>79,585</u>    | <u>3734</u>     |
| D. Undue concentration   |    |                  | <u>3650</u>     |
| E. Other (List)  |    |                  | <u>3736</u>     |
| 10. Net Capital  | \$ | <u>3,870,784</u> | <u>3740</u>     |

**OMIT PENNIES**

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT**

**PART II**

BROKER OR DEALER

Abel/Noser Corp.

as of 12/31/02

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

**Part A**

|   |    |           |      |
|---|----|-----------|------|
| 11. Minimal net capital required (6-2/3% of line 19)  | \$ | 400,358   | 3756 |
| 12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) | \$ | 250,000   | 3758 |
| 13. Net capital requirement (greater of line 11 or 12)  | \$ | 400,358   | 3760 |
| 14. Excess net capital (line 10 less 13)  | \$ | 3,470,426 | 3770 |
| 15. Excess net capital at 1000% (line 10 less 10% of line 19)   | \$ | 3,270,247 | 3780 |

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

|  |    |           |      |
|--|----|-----------|------|
| 16. Total A.I. liabilities from Statement of Financial Condition   | \$ | 6,005,374 | 3790 |
| 17. Add:   |    |           |      |
| A. Drafts for immediate credit   | \$ | 3800      |      |
| B. Market value of securities borrowed for which no equivalent value is paid or credited   | \$ | 3810      |      |
| C. Other unrecorded amounts (List)   | \$ | 3820      | 3830 |
| 18. Deduct: Adjustment based on deposits in Special Reserve Bank Accounts(15c3-1(c)(1)(vii))   | \$ |           | 3838 |
| 19. Total aggregate indebtedness   | \$ | 6,005,374 | 3840 |
| 20. Percentage of aggregate indebtedness to net capital (line 19 divided by line 10)   | %  | 155       | 3850 |
| 21. Percentage of aggregate indebtedness to net capital <u>after</u> anticipated capital withdrawals (line 19 divided by line 10 less item 4880 page 12) | %  | 155       | 3853 |

**COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT**

**Part B**

|  |    |      |  |
|--|----|------|--|
| 22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of net capital computation including both brokers or dealers and consolidated subsidiaries' debits | \$ | 3870 |  |
| 23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note(A)   | \$ | 3880 |  |
| 24. Net capital requirement (greater of line 22 or 23)   | \$ | 3760 |  |
| 25. Excess net capital (line 10 less 24)   | \$ | 3910 |  |
| 26. Percentage of Net Capital to Aggregate Debits (line 10 divided by line 17 page 8)  | %  | 3851 |  |
| 27. Percentage of Net Capital, <u>after</u> anticipated capital withdrawals, to Aggregate Debits item 10 less Item 4880 page 12 divided by line 17 page 8)   | %  | 3854 |  |
| 28. Net capital in excess of the greater of:<br>5% of combined aggregate debit items or 120% of minimum net capital requirement  | \$ | 3920 |  |

**OTHER RATIOS**

**Part C**

|   |   |      |
|---|---|------|
| 29. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)   | % | 3860 |
| 30. Options deductions/Net Capital ratio (1000% test) total deductions exclusive of liquidating equity under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) divided by Net Capital | % | 3852 |

**NOTES:**

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
  2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternate method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

**BROKER OR DEALER**

For the period (MMDDYY) from 01/01/02 3932 to 12/31/02 3933

**Abel/Noser Corp.**

Number of months included in this statement 12 3931

**STATEMENT OF INCOME (LOSS)**

**REVENUE**

|   |    |            |      |
|---|----|------------|------|
| 1. Commissions:   |    |            |      |
| a. Commissions on transactions in listed equity securities executed on an exchange            | \$ | 24,129,528 | 3935 |
| b. Commissions on transactions in exchange listed equity securities executed over-the-counter |    |            | 3937 |
| c. Commissions on listed option transactions  |    |            | 3938 |
| d. All other securities commissions   |    | 4,252,383  | 3939 |
| e. Total securities commissions   |    | 28,381,911 | 3940 |
| 2. Gains or losses on firm securities trading accounts  |    |            |      |
| a. From market making in over-the-counter equity securities                                   |    |            | 3941 |
| 1. Includes gains or (losses) OTC market making in exchange listed equity securities          |    | 3943       |      |
| b. From trading in debt securities  |    |            | 3944 |
| c. From market making in options on a national securities exchange                            |    |            | 3945 |
| d. From all other trading   |    |            | 3949 |
| e. Total gains or (losses)  |    |            | 3950 |
| 3. Gains or losses on firm securities investment accounts                                     |    |            |      |
| a. Includes realized gains (losses)   |    | 4235       |      |
| b. Includes unrealized gains (losses)   |    | 4236       |      |
| c. Total realized and unrealized gains (losses)   |    |            | 3952 |
| 4. Profits or losses from underwriting and selling groups                                     |    | 32,158     | 3955 |
| a. Includes underwriting income from corporate equity securities                              |    | 4237       |      |
| 5. Margin interest  |    |            | 3960 |
| 6. Revenue from sale of investment company shares   |    |            | 3970 |
| 7. Fees for account supervision, investment advisory and administrative services              |    | 1,121,244  | 3975 |
| 8. Revenue from research services   |    |            | 3980 |
| 9. Commodities revenue  |    |            | 3990 |
| 10. Other revenue related to securities business  |    |            | 3985 |
| 11. Other revenue   |    | 774,456    | 3995 |
| 12. Total revenue   | \$ | 30,309,769 | 4030 |

**EXPENSES**

|  |    |            |      |
|--|----|------------|------|
| 13. Registered representatives' compensation   | \$ |            | 4110 |
| 14. Clerical and administrative employees' expenses  |    | 11,369,341 | 4040 |
| 15. Salaries and other employment costs for general partners and voting stockholder officers |    | 7,422,566  | 4120 |
| a. Includes interest credited to General and Limited Partners capital accounts               |    | 4130       |      |
| 16. Floor brokerage paid to certain brokers (see definition)                                 |    |            | 4055 |
| 17. Commissions and clearance paid to all other brokers (see definition)                     |    | 315,598    | 4145 |
| 18. Clearance paid to non-brokers (see definition)   |    |            | 4135 |
| 19. Communications   |    | 332,647    | 4060 |
| 20. Occupancy and equipment costs  |    | 337,800    | 4080 |
| 21. Promotional costs  |    |            | 4150 |
| 22. Interest expense   |    |            | 4075 |
| a. Includes interest on accounts subject to subordination agreements                         |    | 4070       |      |
| 23. Losses in error account and bad debts  |    |            | 4170 |
| 24. Data processing costs (including service bureau service charges)                         |    |            | 4186 |
| 25. Non-recurring charges  |    |            | 4190 |
| 26. Regulatory fees and expenses   |    | 609,649    | 4195 |
| 27. Other expenses   |    | 6,904,805  | 4100 |
| 28. Total expenses   | \$ | 27,292,406 | 4200 |

**NET INCOME**

|  |    |           |      |
|--|----|-----------|------|
| 29. Income (loss) before Federal income taxes and items below (Item 12 less Item 28) | \$ | 3,017,363 | 4210 |
| 30. Provision for Federal Income taxes (for parent only)                             |    |           | 4220 |
| 31. Equity in earnings (losses) of unconsolidated subsidiaries not included above    |    |           | 4222 |
| a. After Federal income taxes of   |    | 4238      |      |
| 32. Extraordinary gains (losses)   |    |           | 4224 |
| a. After Federal income taxes of   |    | 4239      |      |
| 33. Cumulative effect of changes in accounting principles                            |    |           | 4225 |
| 34. Net income (loss) after Federal Income taxes and extraordinary items             | \$ | 3,017,363 | 4230 |

**MONTHLY INCOME**

|   |    |         |      |
|---|----|---------|------|
| 35. Income (current month only) before provision for Federal income taxes and extraordinary items | \$ | 155,470 | 4211 |
|---|----|---------|------|

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

BROKER OR DEALER

Abel/Noser Corp.

as of 12/31/02

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
FOR BROKER-DEALERS UNDER RULE 15c3-3**

(See Rule 15c3-3, Exhibit A and Related Notes)

**CREDIT BALANCES**

|  |    |           |                   |
|--|----|-----------|-------------------|
| 1. Free credit balances and other credit balances in customers' security accounts (see Note A, Exhibit A, Rule 15c3-3)   | \$ | 4340      |                   |
| 2. Monies borrowed collateralized by securities carried for the accounts of customers (see Note B)   |    | 4350      |                   |
| 3. Monies payable against customers' securities loaned (see Note C)  |    | 4360      |                   |
| 4. Customers' securities failed to receive (see Note D)  |    | 4370      |                   |
| 5. Credit balances in firm accounts which are attributable to principal sales to customers   |    | 4380      |                   |
| 6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days  |    | 4390      |                   |
| 7. ** Market value of short security count differences over 30 calendar days old   |    | 4400      |                   |
| 8. ** Market value of short securities and credits (not to be offset by longs or by debits) in all suspense accounts over 30 calendar days   |    | 4410      |                   |
| 9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days |    | 4420      |                   |
| 10. Other (List)   |    | 3,381,549 | 4425              |
| 11. TOTAL CREDITS  |    |           | \$ 3,381,549 4430 |

**DEBIT BALANCES**

|  |    |      |         |
|--|----|------|---------|
| 12. ** Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection net of deductions pursuant to Note E, Exhibit A, Rule 15c3-3 | \$ | 4440 |         |
| 13. Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver   |    | 4450 |         |
| 14. Failed to deliver of customers' securities not older than 30 calendar days   |    | 4460 |         |
| 15. Margin required and on deposit with the Options Clearing Corporation for all option contracts written or purchased in customer accounts (see Note F)                                   |    | 4465 |         |
| 16. Other (List)   |    | 4469 |         |
| 17. ** Aggregate debit items   |    |      | \$ 4470 |
| 18. ** Less 3% (for alternative method only - see Rule 15c3-1(f)(5)(i))  |    |      | ) 4471  |
| 19. ** TOTAL 15c3-3 DEBITS   |    |      | 4472    |

**RESERVE COMPUTATION**

|  |    |              |      |
|--|----|--------------|------|
| 20. Excess of total debits over total credits (line 19 less line 11)   | \$ | 4480         |      |
| 21. Excess of total credits over total debits (line 11 less line 19)   |    | 3,381,549    | 4490 |
| 22. If computation permitted on a monthly basis, enter 105% of excess of total credits over total debits   |    |              | 4500 |
| 23. Amount held on deposit in "Reserve Bank Account(s)", including value of qualified securities, at end of reporting period                       |    | 4,422,680    | 4510 |
| 24. Amount of deposit (or withdrawal) including \$ 4515 value of qualified securities  |    |              | 4520 |
| 25. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including \$ 4,343,963 4525 value of qualified securities |    | \$ 4,422,680 | 4530 |
| 26. Date of deposit (MMDDYY)   |    |              | 4540 |

**FREQUENCY OF COMPUTATION**

27. Daily  4332 Weekly  4333 Monthly  4334

OMIT PENNIES

\*\* In the event the Net Capital Requirement is computed under the alternative method, this "Reserve Formula" shall be prepared in accordance with the requirements of paragraph (f) of Rule 15c3-1.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

BROKER OR DEALER

Abel/Noser Corp.

as of 12/31/02

**COMPUTATION FOR DETERMINATION OF PAIB RESERVE REQUIREMENTS  
FOR BROKER-DEALERS**

**CREDIT BALANCES**

|   |    |             |             |
|---|----|-------------|-------------|
| 1. Free credit balances and other credit balances in proprietary accounts of introducing brokers (PAIB) ..... | \$ | <u>2110</u> |             |
| 2. Monies borrowed collateralized by securities carried for PAIB .....  |    | <u>2120</u> |             |
| 3. Monies payable against PAIB securities loaned (see Note 2- PAIB) .....                                     |    | <u>2130</u> |             |
| 4. PAIB securities failed to receive .....  |    | <u>2140</u> |             |
| 5. Credit balances in firm accounts which are attributable to principal sales to PAIB .....                   |    | <u>2150</u> |             |
| 6. Other (List) .....   |    | <u>2160</u> |             |
| 7. TOTAL PAIB CREDITS .....   | \$ |             | <u>2170</u> |

**DEBIT BALANCES**

|   |    |             |             |
|---|----|-------------|-------------|
| 8. Debit balances in PAIB excluding unsecured accounts and accounts doubtful of collection .....  | \$ | <u>2180</u> |             |
| 9. Securities borrowed to effectuate short sales by PAIB and securities borrowed to make delivery on PAIB securities failed to deliver .....  |    | <u>2190</u> |             |
| 10. Failed to deliver of PAIB securities not older than 30 calendar days .....  |    | <u>2200</u> |             |
| 11. Margin required and on deposit with the Options Clearing Corporation for all option contracts written or purchased in PAIB accounts ..... |    | <u>2210</u> |             |
| 12. Other (List) .....  |    | <u>2220</u> |             |
| 13. TOTAL PAIB DEBITS .....   | \$ |             | <u>2230</u> |

**RESERVE COMPUTATION**

|   |    |             |             |
|---|----|-------------|-------------|
| 14. Excess of total PAIB debits over total PAIB credits (line 13 less line 7) .....   | \$ | <u>2240</u> |             |
| 15. Excess of total PAIB credits over total PAIB debits (line 7 less line 13) .....   |    | <u>2250</u> |             |
| 16. Excess debits in customer reserve formula computation .....   |    | <u>2260</u> |             |
| 17. PAIB Reserve Requirement (line 15 less line 16) .....   |    | <u>2270</u> |             |
| 18. Amount held on deposit in "Reserve Bank Account(s)", including \$ <u>2275</u> value of qualified securities, at end of reporting period ..... |    |             | <u>2280</u> |
| 19. Amount of deposit (or withdrawal) including \$ <u>2285</u> value of qualified securities .....  |    |             | <u>2290</u> |
| 20. New amount in Reserve Bank Account(s) after adding deposit or subtracting \$ <u>2295</u> value of qualified securities .....                  | \$ |             | <u>2300</u> |
| 21. Date of deposit (MMDDYY) .....  |    |             | <u>2310</u> |

**FREQUENCY OF COMPUTATION**

Weekly 2320 Monthly 2330

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

BROKER OR DEALER

Abel/Noser Corp.

as of 12/31/02

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
FOR BROKER-DEALERS UNDER RULE 15c3-3 (continued)**

**EXEMPTIVE PROVISIONS**

26. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

|   |    |      |
|---|----|------|
| A. (k) (1)-\$2,500 capital category as per Rule 15c3-1  | \$ | 4550 |
| B. (k) (2)(A)-"Special Account for the Exclusive Benefit of customers" maintained                         |    | 4560 |
| C. (k) (2)(B)-All customer transactions cleared through another broker-dealer on a fully disclosed basis. |    |      |
| Name of clearing firm   |    | 4570 |
| _____ 4335  |    |      |
| D. (k) (3)-Exempted by order of the Commission  |    | 4580 |

**Information for Possession or Control Requirements Under Rule 15c3-3**

State the market valuation and the number of items of:

|  |                                       |      |
|--|---------------------------------------|------|
| 1. Customers' fully paid securities 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. Notes A and B | \$                                    | 4586 |
| A. Number of items   |                                       | 4587 |
| 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. Notes B,C and D   |                                       | 4588 |
| A. Number of items   | \$                                    | 4589 |
| <b>OMIT PENNIES</b>  |                                       |      |
| 3. The system and procedures utilized in complying with the requirement to maintain physical possession or control of customers' fully paid and excess margin securities have been tested and are functioning in a manner adequate to fulfill the requirements of Rule 15c3-3  | ... Yes                               | 4584 |
|  | <input checked="" type="checkbox"/> X |      |
|  | No                                    | 4585 |

**NOTES**

- A--Do not include in item one customers' fully paid and excess margin securities required by Rule 15c 3-3 to be in possession or control but for which no action was required by the respondent as of the report date or required action was taken by respondent within the time frames specified under Rule 15c3-3.
- B--State separately in response to items one and two whether the securities reported in response thereto were subsequently reduced to possession or control by the respondent.
- C--Be sure to include in item two only items not arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.
- D--Item two must be responded to only with report which is filed as of the date selected for the broker's or dealer's annual audit of financial statements, whether or not such date is the end of a calendar quarter. The response to item two should be filed within 60 calendar days after such date, rather than with the remainder of this report. This information may be required on a more frequent basis by the Commission or the designated examining authority in accordance with Rule 17a-5(a)(2)(iv).

**SUPPLEMENT TO  
FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

BROKER OR DEALER

Abel/Noser Corp.

as of

12/31/02

**STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION  
FOR CUSTOMERS TRADING ON U.S. COMMODITY EXCHANGES**

SEGREGATION REQUIREMENTS (Section 4d(2) of the CEAct)

|   |  |           |      |
|---|--|-----------|------|
| 1. Net ledger balance   |  |           |      |
| A. Cash   |  | \$ _____  | 7010 |
| B. Securities (at market)   |  | _____     | 7020 |
| 2. Net unrealized profit (loss) in open futures contracts traded on a contract market |  | _____     | 7030 |
| 3. Exchange traded options  |  |           |      |
| A. Add market value of open option contracts purchased on a contract market           |  | _____     | 7032 |
| B. Deduct market value of open option contracts granted (sold) on a contract market   |  | ( _____ ) | 7033 |
| 4. Net equity (deficit) (add lines 1, 2, and 3)                                       |  | _____     | 7040 |
| 5. Accounts liquidating to a deficit and accounts with debit balances                 |  |           |      |
| - gross amount  |  | _____     | 7045 |
| Less: amount offset against U.S. Treasury obligations owned by particular customers   |  | ( _____ ) | 7047 |
| 6. Amount required to be segregated (add lines 4 and 5)                               |  | \$ _____  | 7060 |

FUNDS IN SEGREGATED ACCOUNTS

|   |  |           |      |
|---|--|-----------|------|
| 7. Deposited in segregated funds bank accounts  |  |           |      |
| A. Cash   |  | _____     | 7070 |
| B. Securities representing investments of customers' funds (at market)                      |  | _____     | 7080 |
| C. Securities held for particular customers or option customers in lieu of cash (at market) |  | _____     | 7090 |
| 8. Margins on deposit with clearing organizations of contract markets                       |  |           |      |
| A. Cash   |  | \$ _____  | 7100 |
| B. Securities representing investments of customers' funds (at market)                      |  | _____     | 7110 |
| C. Securities held for particular customers or option customers in lieu of cash (at market) |  | _____     | 7120 |
| 9. Net settlement from (to) clearing organizations of contract markets                      |  | _____     | 7130 |
| 10. Exchange traded options   |  |           |      |
| A. Value of open long option contracts  |  | _____     | 7132 |
| B. Value of open short option contracts   |  | ( _____ ) | 7133 |
| 11. Net equities with other FCMs  |  |           |      |
| A. Net liquidating equity   |  | _____     | 7140 |
| B. Securities representing investments of customers' funds (at market)                      |  | _____     | 7160 |
| C. Securities held for particular customers or option customers in lieu of cash (at market) |  | _____     | 7170 |
| 12. Segregated funds on hand (describe: _____)  |  | _____     | 7150 |
| 13. Total amount in segregation (add lines 7 through 12)                                    |  | _____     | 7180 |
| 14. Excess (deficiency) funds in segregation (subtract line 6 from line 13)                 |  | \$ _____  | 7190 |

**SUPPLEMENT TO  
FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

BROKER OR DEALER

Abel/Noser Corp.

as of 12/31/02

**STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION  
FOR CUSTOMERS' DEALER OPTIONS ACCOUNTS**

|  |    |             |             |
|--|----|-------------|-------------|
| 1. Amount required to be segregated in accordance<br>with Commission regulation 32.6 |    | \$          | <u>7200</u> |
| 2. Funds in segregated accounts  |    |             |             |
| A. Cash  | \$ | <u>7210</u> |             |
| B. Securities (at market)  |    | <u>7220</u> |             |
| C. Total   |    |             | <u>7230</u> |
| 3. Excess (deficiency) funds in segregation<br>(subtract line 2.C from line 1)       |    | \$          | <u>7240</u> |

**SUPPLEMENT TO  
FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

BROKER OR DEALER

**Abel/Noser Corp.**

as of

12/31/02

**STATEMENT OF SECURED AMOUNTS AND FUNDS HELD IN SEPARATE ACCOUNTS  
FOR FOREIGN FUTURES AND FOREIGN OPTIONS CUSTOMERS  
PURSUANT TO COMMISSION REGULATION 30.7**

FOREIGN FUTURES AND FOREIGN OPTIONS SECURED AMOUNTS - SUMM

I. Check the appropriate box to identify the amount shown on line 1. below.

- 7300 Secured amounts in only U.S. - domiciled customers' accounts
- 7310 Secured amounts in U.S. and foreign - domiciled customers' accounts
- 7320 Net liquidating equities in all accounts of customers trading on foreign boards of trade
- 7330 Amount required to be set aside pursuant to law, rule or regulation of a foreign government or a rule of a self-regulatory organization authorized thereunder.

II. Has the FCM changed the method of calculating the amount to be set aside in separate accounts since the last financial report it filed ?

- Yes 7340 If yes, explain the change below
- No 7350

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|  |          |      |
|--|----------|------|
| 1. Amount to be set aside in separate section<br>30.7 accounts           | \$ _____ | 7360 |
| 2. Total funds in separate section 30.7 accounts<br>(page T10-4, line 8) | _____    | 7370 |
| 3. Excess (deficiency) - (subtract line 1 from line 2)                   | \$ _____ | 7380 |

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**SUPPLEMENT TO  
FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

BROKER OR DEALER

Abel/Noser Corp.

as of 12/31/02

**STATEMENT OF SECURED AMOUNTS AND FUNDS HELD IN SEPARATE ACCOUNTS  
FOR FOREIGN FUTURES AND FOREIGN OPTIONS CUSTOMERS  
PURSUANT TO COMMISSION REGULATION 30.7**

FUNDS DEPOSITED IN SEPARATE REGULATION 30.7 ACCOUNTS

|   |    |               |                            |
|---|----|---------------|----------------------------|
| 1. Cash in banks  |    |               |                            |
| A. Banks located in the United States                                     | \$ | <u>7500</u>   |                            |
| B. Other banks designated by the Commission                               |    |               |                            |
| Name(s):  |    | <u>7510</u>   | <u>7520</u> \$ <u>7530</u> |
| 2. Securities   |    |               |                            |
| A. In safekeeping with banks located in the United States                 | \$ | <u>7540</u>   |                            |
| B. In safekeeping with other banks designated by the Commission           |    |               |                            |
| Name(s):  |    | <u>7550</u>   | <u>7560</u> <u>7570</u>    |
| 3. Equities with registered futures commission merchants                  |    |               |                            |
| A. Cash   | \$ | <u>7580</u>   |                            |
| B. Securities   |    | <u>7590</u>   |                            |
| C. Unrealized gain (loss) on open futures contracts                       |    | <u>7600</u>   |                            |
| D. Value of long option contracts   |    | <u>7610</u>   |                            |
| E. Value of short option contracts  | (  | <u>7615</u> ) | <u>7620</u>                |
| 4. Amounts held by clearing organizations of foreign boards of trade      |    |               |                            |
| Name(s):  |    | <u>7630</u>   |                            |
| A. Cash   | \$ | <u>7640</u>   |                            |
| B. Securities   |    | <u>7650</u>   |                            |
| C. Amount due to (from) clearing organizations - daily variation          |    | <u>7660</u>   |                            |
| D. Value of long option contracts   |    | <u>7670</u>   |                            |
| E. Value of short option contracts  | (  | <u>7675</u> ) | <u>7680</u>                |
| 5. Amounts held by members of foreign boards of trade                     |    |               |                            |
| Name(s):  |    | <u>7690</u>   |                            |
| A. Cash   | \$ | <u>7700</u>   |                            |
| B. Securities   |    | <u>7710</u>   |                            |
| C. Unrealized gain (loss) on open futures contracts                       |    | <u>7720</u>   |                            |
| D. Value of long option contracts   |    | <u>7730</u>   |                            |
| E. Value of short option contracts  | (  | <u>7735</u> ) | <u>7740</u>                |
| 6. Amounts with other depositories designated by a foreign board of trade |    |               |                            |
| Name(s):  |    | <u>7750</u>   | <u>7760</u>                |
| 7. Segregated funds on hand (describe: _____ )                            |    |               | <u>7765</u>                |
| 8. Total funds in separate section 30.7 accounts (to page T10-3 line 2)   | \$ |               | <u>7770</u>                |

A. If any securities shown are other than the types of securities referred to in CFTC Regulation 1.25, attach a separate schedule detailing the obligations shown on each such line.

**SUPPLEMENT TO  
FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

BROKER OR DEALER

Abel/Noser Corp.

as of 12/31/02

**COMPUTATION OF CFTC MINIMUM NET CAPITAL REQUIREMENT**

A. Amounts required to be segregated or set aside  
in separate accounts for customers pursuant  
to CEAct and regulations

|  |          |      |
|--|----------|------|
| i. U.S. futures & options<br>(page T10-1, line 6)      | \$ _____ | 7400 |
| ii. Dealer options (page<br>T10-2, line 1)             | _____    | 7410 |
| iii. Foreign futures & options<br>(page T10-3, line 1) | _____    | 7420 |
| iv. Subtotal   | \$ _____ | 7430 |

B. Deductions for open long U.S. and foreign  
options in customers' accounts

|   |           |      |
|---|-----------|------|
| i. Value of long options included<br>in line A  | _____     | 7440 |
| ii. With respect to each option customer, the<br>amount of long values included in line<br>B.i. which exceeds the net liquidating<br>equity in that option customers' account | ( _____ ) | 7450 |
| iii. Net deduction for open long customer<br>options  | ( _____ ) | 7460 |

C. Amount subject to 4% net capital factor (Item 7430 less Item 7460) \$ \_\_\_\_\_ 7470

D. Enter 4% of line C \$ \_\_\_\_\_ 7480

E. Minimum CFTC Net Capital Requirement.

Enter the greater of line D or \$250,000 (See Note)

\_\_\_\_\_ 7490

Note: If amount on Line E (7490) is greater than minimum net capital requirement computed in  
Item 3760 (Page 6) then enter this greater amount in Item 3760. The greater of the amount  
required by SEC or CFTC is the minimum net capital requirement.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

**BROKER OR DEALER**

**Abel/Noser Corp.**

as of

12/31/02

**Ownership Equity and Subordinated Liabilities maturing or proposed to be  
withdrawn within the next six months and accruals, (as defined below),  
which have not been deducted in the computation of Net Capital.**

| Type of Proposed<br>withdrawal or<br>Accrual<br>(See below for<br>code to enter) | Name of Lender or Contributor | Insider or<br>Outsider ?<br>(In or Out) | Amount to be with-<br>drawn (cash amount<br>and/or Net Capital<br>Value of Securities) | (MMDDYY)<br>Withdrawal<br>or Maturity<br>Date | Expect<br>to<br>Renew<br>(Yes or No) |      |
|--|-------------------------------|---|--|---|--------------------------------------|------|
| 4600   |                               | 4601                                    | 4602   | 4603  | 4604                                 | 4605 |
| 4610   |                               | 4611                                    | 4612   | 4613  | 4614                                 | 4615 |
| 4620   |                               | 4621                                    | 4622   | 4623  | 4624                                 | 4625 |
| 4630   |                               | 4631                                    | 4632   | 4633  | 4634                                 | 4635 |
| 4640   |                               | 4641                                    | 4642   | 4643  | 4644                                 | 4645 |
| 4650   |                               | 4651                                    | 4652   | 4653  | 4654                                 | 4655 |
| 4660   |                               | 4661                                    | 4662   | 4663  | 4664                                 | 4665 |
| 4670   |                               | 4671                                    | 4672   | 4673  | 4674                                 | 4675 |
| 4680   |                               | 4681                                    | 4682   | 4683  | 4684                                 | 4685 |
| 4690   |                               | 4691                                    | 4692   | 4693  | 4694                                 | 4695 |
| <b>TOTAL</b>   |                               |   | <b>\$</b>  | <b>4699*</b>                                  |                                      |      |

**OMIT PENNIES**

\* To agree with the total on Recap (Item No. 4880)

Instructions: Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c) (2) (iv)), which could be required by the lender on demand or in less than six months.

| WITHDRAWAL CODE: | DESCRIPTION                    |
|------------------|--------------------------------|
| 1.               | Equity Capital                 |
| 2.               | Subordinated Liabilities       |
| 3.               | Accruals                       |
| 4.               | 15c3-1(c) (2) (iv) Liabilities |

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT**  
**Capital Withdrawals**  
**PART II**

|  |                       |
|--|-----------------------|
| BROKER OR DEALER<br><br>Abel/Noser Corp. | as of <u>12/31/02</u> |
|--|-----------------------|

**RECAP**

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, which have not been deducted in the computation of Net Capital.

1. Equity Capital

A. Partnership Capital:

|                                 |    |      |
|---------------------------------|----|------|
| 1. General Partners .....       | \$ | 4700 |
| 2. Limited .....                |    | 4710 |
| 3. Undistributed Profits .....  |    | 4720 |
| 4. Other (describe below) ..... |    | 4730 |
| 5. Sole Proprietorship .....    |    | 4735 |

B. Corporation Capital:

|  |  |      |
|--|--|------|
| 1. Common Stock .....                            |  | 4740 |
| 2. Preferred Stock .....                         |  | 4750 |
| 3. Retained Earnings (Dividends and Other) ..... |  | 4760 |
| 4. Other (describe below) .....                  |  | 4770 |

2. Subordinated Liabilities

|                                 |  |      |
|---------------------------------|--|------|
| A. Secured Demand Notes .....   |  | 4780 |
| B. Cash Subordinations .....    |  | 4790 |
| C. Debentures .....             |  | 4800 |
| D. Other (describe below) ..... |  | 4810 |

3. Other Anticipated Withdrawals

|   |  |      |
|---|--|------|
| A. Bonuses .....  |  | 4820 |
| B. Voluntary Contributions to Pension or Profit Sharing Plans ..... |  | 4860 |
| C. Other (describe below) .....                                     |  | 4870 |

Total .....

|  |    |      |
|--|----|------|
|  | \$ | 4880 |
|--|----|------|

4. Description of Other

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**STATEMENT OF CHANGES IN OWNERSHIP EQUITY  
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

|   |    |           |                |
|---|----|-----------|----------------|
| 1. Balance, beginning of period .....                   | \$ | 5,339,362 | 4240           |
| A. Net income (loss) .....                              |    | 3,017,363 | 4250           |
| B. Additions (Includes non-conforming capital of .....  | \$ | 4262 )    | 4260           |
| C. Deductions (Includes non-conforming capital of ..... | \$ | 4272 )    | 3,000,000 4270 |
| 2. Balance, end of period (From Item 1800) .....        | \$ | 5,356,725 | 4290           |

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIMS OF GENERAL CREDITORS**

|  |    |      |
|--|----|------|
| 3. Balance, beginning of period .....            | \$ | 4300 |
| A. Increases .....                               |    | 4310 |
| B. Decreases .....                               | (  | 4320 |
| 4. Balance, end of period (From item 3520) ..... | \$ | 4330 |

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

BROKER OR DEALER

Abel/Noser Corp.

as of 12/31/02

**FINANCIAL AND OPERATIONAL DATA**

|  | <u>Valuation</u>                                    | <u>Number</u>                           |
|--|---|---|
| 1. Month end total number of stock record breaks unresolved over three business days.  |   |   |
| A. breaks long   | \$ <u>4890</u>                                      | <u>4900</u>                             |
| B. breaks short  | \$ <u>4910</u>                                      | <u>4920</u>                             |
| 2. Is the firm in compliance with Rule 17a-13 regarding periodic count and verification of securities positions and locations at least once in each calendar quarter ? (Check one) | Yes <input checked="" type="checkbox"/> <u>4930</u> | No <input type="checkbox"/> <u>4940</u> |
| A) If response is negative attach explanation of steps being taken to comply with Rule 17a-13.   |   |   |
| 3. Personnel employed at end of reporting period:  |   |   |
| A. Income producing personnel  |   | <u>23</u> <u>4950</u>                   |
| B. Non-income producing personnel (all other)  |   | <u>34</u> <u>4960</u>                   |
| C. Total   |   | <u>57</u> <u>4970</u>                   |
| 4. Actual number of tickets executed during current month of reporting period  |   | <u>40,643</u> <u>4980</u>               |
| 5. Number of corrected customer confirmations mailed after settlement date   |   | <u>4990</u>                             |

|  | <u>No. of Items</u> | <u>Debit (Short Value)</u> | <u>No. of Items</u> | <u>Credit (Long Value)</u> |
|--|---------------------|----------------------------|---------------------|----------------------------|
| 6. Money differences   | <u>5000</u>         | \$ <u>5010</u>             | <u>5020</u>         | \$ <u>5030</u>             |
| 7. Security suspense accounts  | <u>5040</u>         | \$ <u>5050</u>             | <u>5060</u>         | \$ <u>5070</u>             |
| 8. Security difference accounts  | <u>5080</u>         | \$ <u>5090</u>             | <u>5100</u>         | \$ <u>5110</u>             |
| 9. Commodity suspense accounts   | <u>5120</u>         | \$ <u>5130</u>             | <u>5140</u>         | \$ <u>5150</u>             |
| 10. Open transactions with correspondents, other brokers, clearing organizations, depositories and interoffice and intercompany accounts which could result in a charge-unresolved amounts over 30 calendar days | <u>5160</u>         | \$ <u>5170</u>             | <u>5180</u>         | \$ <u>5190</u>             |
| 11. Bank account reconciliations-unresolved amounts over 30 calendar days  | <u>5200</u>         | \$ <u>5210</u>             | <u>5220</u>         | \$ <u>5230</u>             |
| 12. Open transfers over 40 calendar days, not confirmed  | <u>5240</u>         | \$ <u>5250</u>             | <u>5260</u>         | \$ <u>5270</u>             |
| 13. Transactions in reorganization accounts-over 60 calendar days  | <u>5280</u>         | \$ <u>5290</u>             | <u>5300</u>         | \$ <u>5310</u>             |
| 14. Total  | <u>5320</u>         | \$ <u>5330</u>             | <u>5340</u>         | \$ <u>5350</u>             |

|  | <u>No. of Items</u> | <u>Ledger Amount</u> | <u>Market Value</u> |
|--|---------------------|----------------------|---------------------|
| 15. Failed to deliver 5 business days or longer (21 business days or longer in the case of Municipal Securities) | <u>5360</u>         | \$ <u>5361</u>       | <u>5362</u>         |
| 16. Failed to receive 5 business days or longer (21 business days or longer in the case of Municipal Securities) | <u>5363</u>         | \$ <u>5364</u>       | <u>5365</u>         |
| 17. Security concentrations (See instructions in Part I):  |                     |                      |                     |
| A. Proprietary positions   |                     | \$ <u>5370</u>       | <u>5374</u>         |
| B. Customers' accounts under Rule 15c3-3   |                     | \$ <u>5374</u>       | <u>5378</u>         |
| 18. Total of personal capital borrowings due within six months   |                     | \$ <u>5378</u>       | <u>5380</u>         |
| 19. Maximum haircuts on underwriting commitments during the period   |                     | \$ <u>5380</u>       | <u>5382</u>         |
| 20. Planned capital expenditures for business expansion during next six months                                   |                     | \$ <u>5382</u>       | <u>5384</u>         |
| 21. Liabilities of other individuals or organizations guaranteed by respondent                                   |                     | \$ <u>5384</u>       | <u>5386</u>         |
| 22. Lease and rentals payable within one year  |                     | \$ <u>5386</u>       | <u>5388</u>         |
| 23. Aggregate lease and rental commitments payable for entire term of the lease                                  |                     |                      |                     |
| A. Gross   |                     | \$ <u>5388</u>       | <u>5390</u>         |
| B. Net   |                     | \$ <u>5390</u>       | <u>5390</u>         |

OMIT PENNIES



**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART I (OR PART II)**

BROKER OR DEALER  
Abel/Noser Corp.

as of 12/31/02

**FINANCIAL AND OPERATIONAL DATA  
Potential Operational Charges Not Deducted From Capital (Note B)**

|   | I               | II                      | III                     | IV  |
|---|-----------------|-------------------------|-------------------------|---|
|   | No. of<br>Items | Debits<br>(Short Value) | Credits<br>(Long Value) | Deductions<br>In Computing<br>Net Capital |
| 1. Money suspense and balancing differences   | 6210            | \$ 6410                 | \$ 6610                 | \$ 6612                                   |
| 2. Security suspense and differences with related<br>money balances   | L 6220          | 6420                    | 6620                    | 6622                                      |
|   | S 6225          | 6425                    | 6625                    | 6627                                      |
| 3. Market value of short and long security sus-<br>pense and differences without related money<br>(other than reported in line 4., below) | 6230            | 6430                    | 6630                    | 6632                                      |
| 4. Market value of security record breaks   | 6240            | 6440                    | 6640                    | 6642                                      |
| 5. Unresolved reconciling differences with others:  |                 |                         |                         |   |
| A. Correspondents and Broker/Dealers  | L 6250          | 6450                    | 6650                    | 6652                                      |
|   | S 6255          | 6455                    | 6655                    | 6657                                      |
| B. Depositories   | 6260            | 6460                    | 6660                    | 6662                                      |
| C. Clearing Organizations   | L 6270          | 6470                    | 6670                    | 6672                                      |
|   | S 6275          | 6475                    | 6675                    | 6677                                      |
| D. Inter-company Accounts   | 6280            | 6480                    | 6680                    | 6682                                      |
| E. Bank Accounts and Loans  | 6290            | 6490                    | 6690                    | 6692                                      |
| F. Other  | 6300            | 6500                    | 6700                    | 6702                                      |
| G. (Offsetting) Items A. through F.   | 6310            | ( ) 6510                | ( ) 6710                |   |
| TOTAL (Line 5.)   | 6330            | 6530                    | 6730                    | 6732                                      |
| 6. Commodity Differences  | 6340            | 6540                    | 6740                    | 6742                                      |
| TOTAL (Line 1.-6.)  | 6370            | \$ 6570                 | \$ 6770                 | \$ 6772                                   |

(Omit 000's)

(Omit 000's)

(Omit Pennies)

**NOTE B** - This section must be completed as follows:

1. All line items (1. through 6.) and columns (I through IV) must be completed only if:
  - a. the total deductions on line 8., column IV, of the "Operational Deductions From Capital" schedule equal or exceed 25% of excess net capital as of the prior month end reporting date; and
  - b. the total deduction on line 8., column IV, for the current month exceeds the total deductions for the prior month by 50% or more. If respondent has nothing to report enter -0-.
2. Include only suspense and difference items open at the report date which were NOT required to be deducted in the computation of net capital AND which were not resolved seven (7) business days subsequent to the report date.
3. Include in column IV only additional deductions not comprehended in the computation of net capital at the report date.
4. Include on line 5. A. through F. unfavorable differences offset by favorable differences (see instructions for line 5) at the report date if resolution of the favorable items resulted in additional deductions in the computation of net capital subsequent to the report date.
5. Exclude from lines 5. A. through F. new reconciling differences disclosed as a result of reconciling with the books of account statements received subsequent to the report date.
6. Line items 1. through 5. above correspond to similar line items in the "Operational Deductions From Capital" schedule (page 2) and the same instructions should be followed except as stated in Note (B-1 through 5.) above.

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

**FOCUS REPORT**

(FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT)

**Schedule I**

INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17a-5

**FORM**

**X-17A-5**

Report for the Calendar Year 2002 8004  
or if less than 12 months

Report for the period beginning 8005 and ending 8006

MM DD YY  
1/1/2002

MM DD YY  
12/31/2002

|                        |
|------------------------|
| <b>SEC FILE NUMBER</b> |
| 8-21897                |
| 8011                   |

|                          |             |                          |             |
|--------------------------|-------------|--------------------------|-------------|
| 1. NAME OF BROKER DEALER |             | <b>OFFICIAL USE ONLY</b> |             |
| <u>Abel/Noser Corp.</u>  | <u>8020</u> | <b>N 9</b>               | <u>8021</u> |
|                          |             | Firm No                  | M M Y Y     |

2. Name(s) of broker-dealer(s) merging with respondent during reporting period:

|        |             |                          |             |
|--------|-------------|--------------------------|-------------|
| NAME : | <u>8053</u> | <b>OFFICIAL USE ONLY</b> | <u>8057</u> |
| NAME : | <u>8054</u> |                          | <u>8058</u> |
| NAME : | <u>8055</u> |                          | <u>8059</u> |
| NAME : | <u>8056</u> |                          | <u>8060</u> |

3. Respondent conducts a securities business exclusively with registered broker-dealers:  
(enter applicable code: 1=Yes 2=No) 2 8073

4. Respondent is registered as a specialist on a national securities exchange:  
(enter applicable code: 1=Yes 2=No) 2 8074

5. Respondent makes markets in the following securities:

|                            |                                     |          |             |
|----------------------------|-------------------------------------|----------|-------------|
| (a) equity securities      | (enter applicable code: 1=Yes 2=No) | <u>2</u> | <u>8075</u> |
| (b) municipals             | (enter applicable code: 1=Yes 2=No) | <u>2</u> | <u>8076</u> |
| (c) other debt instruments | (enter applicable code: 1=Yes 2=No) | <u>2</u> | <u>8077</u> |

6. Respondent is registered solely as a municipal bond dealer:  
(enter applicable code: 1=Yes 2=No) 2 8078

7. Respondent is an insurance company or an affiliate of an insurance company:  
(enter applicable code: 1=Yes 2=No) 2 8079

8. Respondent carries its own public customer accounts:  
(enter applicable code: 1=Yes 2=No) 2 8084

9. Respondent's total number of public customer accounts:  
(carrying firms filing X-17A-5 Part II only)

|                              |                   |             |
|------------------------------|-------------------|-------------|
| (a) Public customer accounts | <u>          </u> | <u>8080</u> |
| (b) Omnibus accounts         | <u>          </u> | <u>8081</u> |

10. Respondent clears its public customer and/or proprietary accounts:  
(enter applicable code: 1=Yes 2=No) 2 8085

# FOCUS REPORT

## Schedule I

### page 2

11. Respondent clears its public customer accounts in the following manner:

(enter a "1" in appropriate boxes)

|  |                                     |      |
|--|-------------------------------------|------|
| (a) Direct Mail (New York Stock Exchange Members Only) ..... | <input type="checkbox"/>            | 8086 |
| (b) Self-Clearing .....                                      | <input type="checkbox"/>            | 8087 |
| (c) Omnibus .....  | <input type="checkbox"/>            | 8088 |
| (d) Introducing .....  | <input checked="" type="checkbox"/> | 8089 |
| (e) Other .....  | <input type="checkbox"/>            | 8090 |

If Other please describe:

|                          |                          |      |
|--------------------------|--------------------------|------|
| (f) Not applicable ..... | <input type="checkbox"/> | 8091 |
|--------------------------|--------------------------|------|

12.(a) Respondent maintains membership(s) on national securities exchanges(s):

(enter applicable code 1=Yes 2=No)  1 8100

(b) Names of national securities exchange(s) in which respondent maintains memberships:

(enter a "1" in appropriate boxes)

|                         |                                     |      |
|-------------------------|-------------------------------------|------|
| (1) American .....      | <input checked="" type="checkbox"/> | 8120 |
| (2) Boston .....        | <input type="checkbox"/>            | 8121 |
| (3) CBOE .....          | <input type="checkbox"/>            | 8122 |
| (4) Midwest .....       | <input type="checkbox"/>            | 8123 |
| (5) New York .....      | <input checked="" type="checkbox"/> | 8124 |
| (6) Philadelphia .....  | <input type="checkbox"/>            | 8125 |
| (7) Pacific Coast ..... | <input type="checkbox"/>            | 8126 |
| (8) Other .....         | <input checked="" type="checkbox"/> | 8129 |

13. Employees:

|   |                          |    |      |
|---|--------------------------|----|------|
| (a) Number of full-time employees ..... | <input type="checkbox"/> | 57 | 8101 |
|---|--------------------------|----|------|

|   |                          |    |      |
|---|--------------------------|----|------|
| (b) Number of full-time registered representatives employed by respondent included in 13(a) ... | <input type="checkbox"/> | 27 | 8102 |
|---|--------------------------|----|------|

14. Number of NASDAQ stocks respondent makes market

|                          |      |
|--------------------------|------|
| <input type="checkbox"/> | 8103 |
|--------------------------|------|

15. Total number of underwriting syndicates respondent was a member

|                          |      |
|--------------------------|------|
| <input type="checkbox"/> | 8104 |
|--------------------------|------|

Carrying or clearing firms filing X-17A Part II)

16. Number of respondent's public customer transactions:

|              |                          |      |
|--------------|--------------------------|------|
| Actual ..... | <input type="checkbox"/> | 8105 |
|--------------|--------------------------|------|

|                |                          |      |
|----------------|--------------------------|------|
| Estimate ..... | <input type="checkbox"/> | 8106 |
|----------------|--------------------------|------|

|   |                          |      |
|---|--------------------------|------|
| (a) equity securities transactions effected on a national securities exchange ..... | <input type="checkbox"/> | 8107 |
|---|--------------------------|------|

|  |                          |      |
|--|--------------------------|------|
| (b) equity securities transactions effected other than on a national securities exchange ..... | <input type="checkbox"/> | 8108 |
|--|--------------------------|------|

|  |                          |      |
|--|--------------------------|------|
| (c) commodity, bond, option and other transactions effected on or off a national securities exchange ..... | <input type="checkbox"/> | 8109 |
|--|--------------------------|------|

**FOCUS REPORT**  
**Schedule I**  
**page 3**

17. Respondent is a member of the Securities Investor Protection Corporation  
(enter applicable code 1=Yes 2=No)

18. Number of branch offices operated by respondent .....

19. (a) Respondent directly or indirectly controls, is controlled by, or is under  
common control with , a U.S. bank (enter applicable code 1=Yes 2=No) .....

(b) Name of parent or affiliate .....

(c) Type of institution .....

20. Respondent is an affiliate or subsidiary of a foreign broker-dealer or bank  
(enter applicable code 1=Yes 2=No)

21. (a) Respondent is a subsidiary of a registered broker-dealer  
(enter applicable code 1=Yes 2=No)

(b) Name of parent .....

22. Respondent is a subsidiary of a parent which is not a registered broker or dealer  
(enter applicable code 1=Yes 2=No)

23. Respondent sends quarterly statements to customers pursuant to  
10b-10(b) in lieu of daily or immediate confirmations:  
(enter applicable code 1=Yes 2=No)\*

24. Aggregate Dollar Amount of Non-Exempted OTC Sales of Exchange-Listed  
Securities Done by Respondent During the Reporting Period ..... \$

\*Required in any Schedule I filed for the calendar year 1978 and succeeding years