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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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JUL 17 2003  
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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

SEC FILE NUMBER  
8-22058  
-11-001342

FACING PAGE

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

REPORT FOR THE PERIOD BEGINNING June 1, 2002 AND ENDING May 31, 2003  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Buell Securities Corp.

OFFICIAL USE ONLY  
FIRM ID. NO.

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

1310 Silas Deane Highway Suite 207

(No. and Street)

Wethersfield,

Connecticut

06109-4303

(City)

(State)

(Zip Code)

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

Chris D. Berris

(860) 258-2300

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

Bernardi & Company, LLC

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

231 Farmington Avenue

Farmington

Connecticut

06032

(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  
JUL 25 2003  
THOMSON FINANCIAL

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.174-5(e)(2).

OATH OR AFFUMATION

I, Chris D. Berris, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Buell Securities Corp., as of May 31, 192003, 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:

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

Chris D. Berris  
Signature  
President  
Title

Francis J. Amerelle  
Notary Public

This report" contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Cash Flows
- (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 156-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 156-3.
- (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).



## BERNARDI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS  
AND BUSINESS CONSULTANTS  
231 FARMINGTON AVENUE  
FARMINGTON, CONNECTICUT 06032-1915

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TEL: (860) 646-5384

### INDEPENDENT AUDITORS' REPORT

Board of Directors  
Buell Securities Corp.  
1310 Silas Deane Highway  
Wethersfield, CT 06109

We have audited the accompanying statement of financial condition of Buell Securities Corp. (a Connecticut corporation) as of May 31, 2003, and the related statements of income, cash flows and, changes in stockholders' equity 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 Buell Securities Corp. as of May 31, 2003, 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 accompanying information presented in Schedules 1, 2 and 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Schedules 1, 2 and 3 are supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the 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.

Very truly yours,

*Bernardi & Company, LLC*

BERNARDI & COMPANY, LLC  
Certified Public Accountants  
June 17, 2003

We present the following report as of May 31, 2003:

Exhibit A - Statement of Financial Condition  
as of May 31, 2003.

Exhibit B - Statement of Income for the Year  
Ended May 31, 2003.

Exhibit C - Statement of Cash Flows for the  
Year Ended May 31, 2003.

Exhibit D - Statement of Changes in  
Stockholders' Equity for the Year  
Ended May 31, 2003.

Notes to Financial Statements.

Schedule 1 - Computation of Net Capital and  
Basic Net Capital Requirement  
and Computation of Aggregate  
Indebtedness Pursuant to Rule  
15C3-1 as of May 31, 2003.

Schedule 2 - Computation for Determination of  
Reserve Requirement and  
Information for Possession or  
Control Requirements Pursuant to  
Rule 15C3-3 as of May 31, 2003.

Schedule 3 - Reconciliation of the Computation  
of Net Capital and Reconciliation  
of the Computation of Aggregate  
Indebtedness under Rule 15C3-1  
as of May 31, 2003.

BUELL SECURITIES CORP.  
WETHERSFIELD, CONNECTICUT  
STATEMENT OF FINANCIAL CONDITION  
MAY 31, 2003

ASSETS

Cash	\$ 30,778	
Receivable from clearing broker	20,989	
Marketable securities owned, at market value	143,496	
Property and equipment, net	6,377	
Prepaid expenses and other assets	<u>56,512</u>	
<u>TOTAL ASSETS</u>		\$ <u>258,152</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:

Accounts payable and accrued expenses	\$ 32,744	
Commissions payable	61,397	
Note payable	<u>10,387</u>	
Total Liabilities		104,528

Stockholders' Equity:

Common stock	187,700	
Capital in excess of par	6,325	
Accumulated deficit	<u>( 40,401)</u>	
Total Stockholders' Equity		<u>153,624</u>

<u>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</u>		\$ <u>258,152</u>
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BUELL SECURITIES CORP.  
WETHERSFIELD, CONNECTICUT  
STATEMENT OF INCOME  
FOR THE YEAR ENDED  
MAY 31, 2003

Revenues:

Commissions \$ 1,420,561

Operating Expenses:

Officers' salaries	\$ 91,600	
Commissions - registered representatives	678,975	
Clerical compensation	90,487	
Payroll taxes	61,203	
Rent	60,047	
Depreciation	4,052	
Insurance - business	25,314	
Insurance - officers' life	8,970	
Insurance - group	89,307	
Dues and subscriptions	16,028	
Office expenses	22,255	
Communication	51,950	
Legal and audit	10,575	
Property and other taxes	68	
Retrieval services	63,643	
Advertising	371	
Clearing expense	154,909	
Settlement costs	20,000	
Charitable contributions	2,060	
Total Operating Expenses		<u>1,451,814</u>

Loss Before Other Income ( 31,253)

Other Income (Expense):

Miscellaneous income	27,255	
Interest expense	( 149)	
Total Other Income		<u>27,106</u>

Loss Before Provision for Income Taxes: ( 4,147)

Less: Provision for income taxes 1,146

Net Loss for the Year \$ ( 5,293)

BUELL SECURITIES CORP.  
WETHERSFIELD, CONNECTICUT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED  
MAY 31, 2003  
Increase (Decrease) in Cash

Cash Flows From Operating Activities:

Net loss		\$ ( 5,293)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	\$ 4,052	
Changes in assets and liabilities:		
Increase Decrease in Assets and Liabilities:		
Receivable from clearing broker	3,318	
Prepaid expenses and other assets	20,676	
Deposits	44	
Marketable securities	( 19,052)	
Accounts payable and accrued expenses	( 4,385)	
Commissions payable	( 5,388)	
Total Adjustments		( 735)
Net Cash Used In Operating Activities		( 6,028)

Cash Flows Used In Investing Activities:

Capital expenditures		( 565)
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Cash Flows From Financing Activities:

Proceeds from note	11,250	
Principal payments on note	( 864)	
Net Cash Provided By Financing Activities		<u>10,386</u>

<u>Net Increase in Cash</u>		3,793
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<u>Cash at the Beginning of Year</u>		<u>26,985</u>
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<u>Cash at the End of Year</u>		\$ <u>30,778</u>
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Supplemental Disclosure of Cash Flow Information:

Cash paid during the year:

Interest	\$ 149
Income taxes	\$ 5,990

EXHIBIT D

BUELL SECURITIES CORP.  
WETHERSFIELD, CONNECTICUT  
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE YEAR ENDED  
MAY 31, 2003

	<u>Common</u> <u>Stock</u>	<u>Capital in</u> <u>Excess of Par</u>	<u>Accumulated</u> <u>Deficit</u>
<u>Balances - June 1, 2002</u>	\$ 187,700	\$ 6,325	\$ ( 35,108)
Net loss	<u>-</u>	<u>-</u>	<u>( 5,293)</u>
<u>Balances - May 31, 2003</u>	\$ <u>187,700</u>	\$ <u>6,325</u>	\$ <u>( 40,401)</u>

BUELL SECURITIES CORP.  
WETHERSFIELD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

Note 1 - Business Description:

Buell Securities Corp. (the "Company") operates a broker-dealer business from one location in Wethersfield, Connecticut. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD) and the Securities Investors Protection Corp. (SIPC).

Note 2 - Accounting Policies:

A. Revenue and Expense Recognition:

The Company maintains its records utilizing the accrual method of accounting. Commissions, revenues and expenses are recorded on a trade-date basis.

B. Depreciation:

The Company provides for depreciation utilizing various methods based on estimated useful lives as follows:

Furniture & equipment	5 & 7 years
Leasehold improvements	31.5 years

Renewals and betterments are capitalized while expenditures for maintenance and repairs are charged to expenses as incurred.

C. Income Taxes:

Effective June 1, 2001, the Company elected to terminate its S-corporation election under the U.S. Internal Revenue Code. The tax provision differs from the expense that would result from applying statutory rates to income before income taxes because of nondeductible life insurance premiums.

For the year ended May 31, 2003, the federal and state income tax expense was \$896 and \$250, respectively.

D. Securities Owned:

Securities owned consist of an investment in Bank of New York's "Standby Reserve Fund" and 300 warrants of the NASD.

E. Common Stock:

The Company has 5,000 shares authorized common stock, 1,877 of which are issued and outstanding; the shares have a par value of \$100.

F. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BUELL SECURITIES CORP.  
WETHERSFIELD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Note 3 - Clearing Arrangements:

The Company clears security transactions through Bank of New York ("BNY") whereby BNY carries the cash accounts of the customers of the Company on a fully-disclosed basis. Under terms of this agreement, BNY executes transactions in the customers' accounts, prepares confirmations and summary monthly statements, settles contracts and transactions in securities and performs certain cashing functions, including receipt and delivery of securities.

Under this agreement, the Company is required to maintain a minimum cash deposit of \$50,000, on which it receives interest at the Standby Reserve Fund rate. The Company receives commissions and principal trading gains on a monthly basis.

Note 4 - Property and Equipment:

Property and equipment are stated at cost and consist of the following:

Furniture and equipment	\$ 99,755
Leasehold improvements	<u>2,317</u>
Subtotal	102,072
Less: Accumulated depreciation	<u>95,695</u>
Cost Less Depreciation	\$ <u>6,377</u>

Note 5 - Receivable from Clearing Broker:

Amounts receivable from broker-dealers at May 31, 2003 consist of the following:

Fees and commissions receivable	\$ 20,989
Good faith deposit (other assets)	<u>50,117</u>
Total	\$ <u>71,106</u>

Note 6 - Aggregate Indebtedness and Net Capital:

As a registered broker-dealer, the Company is required to comply with the Uniform Net Capital Rule 15c3-1 of the Securities and Exchange Act of 1934. Under Rule 15c3-1, the Company must maintain "net capital" as defined in the Rule equal to the greater of 6 2/3% of aggregate indebtedness or \$50,000. The Company would be precluded from the distribution of equity capital if net capital were less than 10% of such indebtedness.

As of May 31, 2003, the Company has net capital of \$133,747, which was \$83,747 in excess of the minimum required.

BUELL SECURITIES CORP.  
WETHERSFIELD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Note 7 - Lease Commitments:

Effective March 1, 1998, for the five-year period ending February 21, 2003, the Company entered into a lease of the property located at 1310 Silas Deane Highway in Wethersfield, Connecticut. The lease calls for monthly payments of \$4,573. Total rent expense for the year ended May 31, 2003 for the Wethersfield facility was \$54,964. The Company is currently in the process of negotiating a new lease agreement.

During March 2002, the Company entered into a one-year lease renewal for property located in Farmington, Connecticut. The lease calls for monthly payments of \$847. Total rent expense for the year ended May 31, 2003 for the Farmington facility was \$5,083. This office was closed in November 2002.

Note 8 - Note Payable:

The note payable at May 31, 2003 consist of the following:

7.25% loan, payable \$506 monthly through May 2005	<u>\$10,387</u>
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BUELL SECURITIES CORP.  
WETHERSFIELD, CONNECTICUT  
COMPUTATION OF NET CAPITAL AND BASIC  
NET CAPITAL REQUIREMENT AND COMPUTATION OF  
AGGREGATE INDEBTEDNESS PURSUANT TO RULE 15C3-1  
MAY 31, 2003

<u>Stockholders' Equity</u> , per Exhibit A	\$ 153,624
Less: Nonallowable assets & other deductions	
Property and equipment	\$ 6,377
Prepaid expenses and other assets	<u>6,395</u>
Total Nonallowable Assets & Other Deductions	<u>12,772</u>
<u>Net capital before haircuts on security positions</u>	140,852
Haircuts on trading securities computed pursuant to Rule 15c3-1(c)	<u>7,105</u>
<u>Net Capital</u>	133,747
Less: Net capital requirement (greater of \$6,962, 6 2/3% of aggregate indebtedness of \$104,528 or \$50,000)	<u>50,000</u>
<u>Net Capital in Excess of Requirement</u>	<u>83,747</u>
 <u>Computation of Aggregate Indebtedness:</u>	
Aggregate indebtedness, per Exhibit A	104,528
Less: Non-Aggregate Indebtedness Liabilities	<u>-</u>
<u>Aggregate Indebtedness</u>	\$ <u>104,528</u>
 <u>Percentage of Aggregate Indebtedness to Net Capital</u>	 <u>78%</u>

BUELL SECURITIES CORP.  
WETHERSFIELD, CONNECTICUT  
COMPUTATION FOR DETERMINATION OF RESERVE  
REQUIREMENT AND INFORMATION FOR POSSESSION  
OR CONTROL REQUIREMENTS  
PURSUANT TO RULE 15C3-3  
MAY 31, 2003

The company clears all customer transactions through Bank of New York on a fully disclosed basis and is exempt from Rule 15c3-3 under the exemptive provision Section (k)(2)(ii).

BUELL SECURITIES CORP.  
WETHERSFIELD, CONNECTICUT  
RECONCILIATION OF THE COMPUTATION OF NET CAPITAL  
AND RECONCILIATION OF THE COMPUTATION OF AGGREGATE  
INDEBTEDNESS UNDER RULE 15C3-1  
May 31, 2003

Reconciliation with the Company's computation (included in Part II of Form X-17A-5 as of May 31, 2003) is as follows:

Net capital, as reported in the Company's Part II (unaudited)	
Focus report	\$ 134,749
Adjust haircut	<u>( 1,002)</u>
<u>Net Capital, per Audit Report - Schedule 1</u>	<u>\$ 133,747</u>

Reconciliation with the Company's computation (included in Part II of Form X-17A-5 as of May 31, 2003) is as follows:

Aggregate indebtedness, as reported in the Company's Part II (unaudited)	
Focus Report	\$ <u>104,528</u>
<u>Requirement, per Audit Report - Schedule 1</u>	<u>\$ 104,528</u>



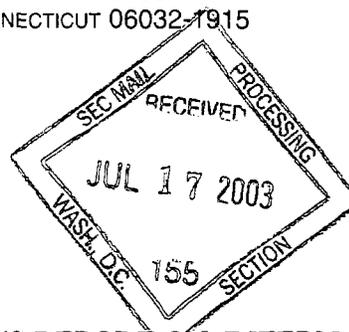
## BERNARDI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS  
AND BUSINESS CONSULTANTS

231 FARMINGTON AVENUE  
FARMINGTON, CONNECTICUT 06032-1915

FARMINGTON, CONNECTICUT  
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ROBERT H. LONDON, CPA



MANCHESTER, CONNECTICUT  
TEL: (860) 646-5384

### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5

Board of Directors  
Buell Securities Corp.  
1310 Silas Deane Highway Suite 207  
Wethersfield, Connecticut 06109

In planning and performing our audit of the financial statements of Buell Securities Corp. for the year ended May 31, 2003, 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 such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

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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 generally accepted accounting principles. 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, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of 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 May 31, 2003 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors and management of Buell Securities Corp., the Securities and Exchange Commission and any 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.

Very truly yours,

*Bernardi & Company, LLC*

BERNARDI & COMPANY, LLC  
Certified Public Accountants

June 17, 2003