

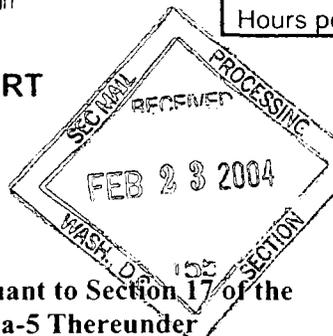


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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

OMB APPROVAL
OMB Number: 3235-0123
Expires: September 30, 1998
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Hours per response . . . 12.00

SEC FILE NUMBER
8 - 52597



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 JANUARY 1, 2003 AND ENDING DECEMBER 31, 2003
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER DEALER:

DELTEC ASSET MANAGEMENT, LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

645 FIFTH AVENUE, 18th FLOOR

(No. And Street)

NEW YORK,

NY

10022

(City)

(State)

(Zip Code)

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

STEPHEN ZUPPELLO

(212) 546-6285

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report *

FULVIO & ASSOCIATES, LLP

ATTN: JOHN FULVIO, CPA

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

60 EAST 42ND STREET

NEW YORK

NY

10165

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED
MAR 15 2004

THOMSON
FINANCIAL

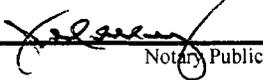
FOR OFFICIAL USE ONLY

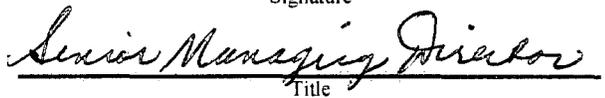
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, STEPHEN ZUPPELLO, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of DELTEC ASSET MANAGEMENT, LLC, as of DECEMBER 31, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

JAMES M. COLLEARY
Notary Public, State of New York
No. 52-4600543
Qualified in Suffolk County
Certificate Filed in New York County
Commission Expires Nov. 30, 2004


Notary Public


Signature

Title

This report ** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of 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 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 or 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 sin the date of previous audit.
- (o) Supplemental independent Auditors Report on Internal Accounting Control.

**For conditions of confidential treatment of certain portions of this filing see section 240.17a-5(e)(3).

DELTEC ASSET MANAGEMENT LLC
AND SUBSIDIARY

CONSOLIDATED STATEMENT OF
FINANCIAL CONDITION

DECEMBER 31, 2003

INDEPENDENT AUDITORS' REPORT

To the Members of
Deltec Asset Management LLC:

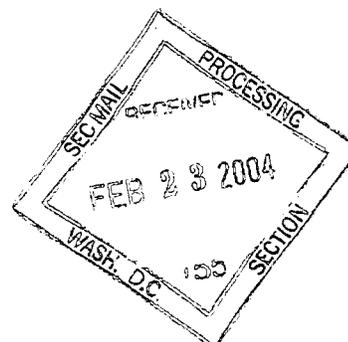
We have audited the accompanying consolidated statement of financial condition of Deltec Asset Management LLC (the "Company") as of December 31, 2003. This consolidated financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this consolidated financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 consolidated financial statement referred to above presents fairly, in all material respects, the financial position of Deltec Asset Management LLC as of December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

Fulvio & Associates LLP

New York, New York
January 27, 2004



DELTEC ASSET MANAGEMENT LLC AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2003**

ASSETS

Cash and cash equivalents	\$ 623,400
Securities owned, at market value	4,505,384
Receivable from clearing broker	288,606
Accrued management fees and other receivable	684,352
Deposit with clearing broker	250,000
Investments in and advances to affiliated partnerships	3,059,808
Furniture, equipment and leasehold improvements, at cost, less accumulated depreciation and amortization of \$66,834	197,455
Other assets	<u>171,459</u>
TOTAL ASSETS	<u><u>\$ 9,780,464</u></u>

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES:

Accounts payable and accrued liabilities	\$ 439,577
Excess of fair value of net assets acquired over cost	<u>873,115</u>
Total liabilities	1,312,692
MEMBERS' EQUITY	<u>8,467,772</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u><u>\$ 9,780,464</u></u>

See notes to consolidated financial statements.

DELTEC ASSET MANAGEMENT LLC AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2003

1. ORGANIZATION

Deltec Asset Management LLC (the "Company"), a Delaware limited liability company, was formed on February 1, 2000 to acquire the assets and business of Deltec Asset Management Corporation ("DAMC"), a securities broker-dealer and investment advisor. The Manager of the Company is Blue Tee Partners, LLC ("Blue Tee"), a Delaware limited liability company.

On September 29, 2000, DAMC merged with and into the Company. The Company has accounted for the merger as a purchase transaction and has recorded the difference between the purchase consideration and the estimated fair value of the net assets acquired as excess of fair value of net assets acquired over cost, to be recognized as the underlying assets are disposed of and/or amortized. Prior to the merger, the Company's operations were limited to organizational activities.

All references to the Company in the accompanying consolidated financial statement include the Company and its wholly owned subsidiary, Deltec Partners, LLC.

2. BUSINESS

The Company provides securities brokerage and investment advisory services to its customers and also engages in securities trading and investing for its own account. The Company does not carry customer accounts and clears all customer and proprietary security transactions on a fully disclosed basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of the consolidated financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

The consolidated financial statement includes the accounts of the Company and its wholly owned subsidiary, Deltec Partners LLC, after the elimination of intercompany transactions and balances.

Cash equivalents are defined as short-term, highly liquid investments with original maturities when purchased of three months or less.

Securities transactions and related commission revenue and expense are recorded on trade date.

Investment advisory fees are accrued as earned and are calculated and billed based upon agreements with customers.

Financial instruments are carried at fair value or at amounts which approximate fair value.

DELTEC ASSET MANAGEMENT LLC AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2003 (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Securities owned are carried at market value and, where there is no market on a securities exchange or no publicly quoted market, at estimated fair value, as determined by management. Unrealized gains and losses are recognized in operations currently.

Investments in affiliated partnerships are carried at cost plus equity in earnings.

Furniture, equipment and leasehold improvements are depreciated on a straight-line basis using estimated useful lives of 5 to 10 years.

No provision has been made for federal or state income taxes in the accompanying consolidated financial statement as the members are individually responsible for the taxes on their share of the Company's income. The Company has provided for entity-level local income taxes.

Profits and losses are allocated among all the Company's members pursuant to the Company's Operating Agreement.

4. AFFILIATED PARTNERSHIPS

The Company is the sole general partner of a number of investment partnerships. In addition, the Company is a member of Squam Ventures, LLC which, in turn, is the general partner of Deltec Special Situations Partners, L.P. The Company is also the sole investment advisor to these partnerships and provides these partnerships with securities brokerage services. For the year ended December 31, 2003, the Company earned investment advisory fees of \$1,167,000 from these affiliated partnerships.

Investments in and advances to affiliated partnerships at December 31, 2003 include:

Deltec Recovery Fund, L.P.	\$1,915,160
Deltec Emerging Market Equities, L.P.	353,697
Deltec Total Return Bond Fund, L.P.	248,867
Deltec Forum Fund, L.P.	192,165
Deltec Latin America Partners, L.P.	191,926
Deltec High Yield Partners, L.P.	92,586
Squam Ventures, L.L.C.	65,319
Deltec Recovery Partners, L.P.	<u>88</u>
Total	<u>\$3,059,808</u>

5. RECEIVABLE FROM CLEARING BROKER

The receivable from clearing broker consists primarily of cash deposits which support and facilitate the Company's brokerage and proprietary trading activities.

DELTEC ASSET MANAGEMENT LLC AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2003 (continued)

6. SECURITY POSITIONS

Security positions, at market value, are as follow:

Fixed income obligations	\$ 3,109,063
Equity securities	<u>1,396,321</u>
	<u>\$ 4,505,384</u>

7. 401 (K) PROFIT SHARING PLAN

The Company maintains a 401 (k) profit sharing plan providing for Company and employee contributions. This plan provides for benefits to be paid upon retirement, death, disability or termination of service. Employees are eligible to make elective deferrals upon the commencement of employment provided they have reached the age of twenty-one. The employee's contribution is limited to the lesser of 10% of gross wages or the maximum employee deductible contribution for a defined contribution plan. The Company matches employee contributions up to a maximum of 2% of annual base compensation of up to \$200,000. The Company also contributes 3% of annual base compensation up to \$200,000 for all employees who have attained age twenty-one and have completed one year of service. Employees are always 100% vested in both their elective contributions and the employer's 3% contribution. Employer matching contributions vest 100% over a five-year period. In addition, at management's discretion, additional profit sharing contributions may be allocated to the accounts of the plan participants.

The expense associated with this plan for the year ended December 31, 2003 was approximately \$177,000.

8. COMMITMENTS AND CONTINGENCIES

The Company is obligated under a noncancelable lease expiring in 2008. Future minimum rental payments required under the lease agreement are approximately as follows:

2004	\$ 898,000
2005	943,000
2006	943,000
2007	943,000
2008	<u>708,000</u>
	<u>\$ 4,435,000</u>

The lease includes provisions for escalation. Total rent expense for the year ended December 31, 2003 approximated \$976,000.

At December 31, 2003, the Company was obligated under an irrevocable letter of credit issued by a bank in the amount of \$110,000 relating to the lease obligation. The letter of credit is fully collateralized by U.S. Treasury obligations.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2003 (continued)**

9. NET CAPITAL REQUIREMENTS

As a registered broker-dealer, the Company is subject to the Uniform Net Capital Rule (the "Rule") under the Securities Exchange Act of 1934, which specifies minimum net capital requirements for its registrants. The Company elected the "Alternative Net Capital Requirement" permitted by the Rule, which states that the broker-dealer must maintain net capital, as defined, equal to the greater of \$250,000 or 2% of aggregate debit items, as defined. The Rule also provides that equity capital may not be withdrawn or cash dividends paid if resulting net capital would be less than 5% of aggregate debit items. At December 31, 2003, the Company had net capital of \$4,434,635 which exceeded the minimum net capital requirement by \$4,184,635.

10. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

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

Further, the Company borrows securities to facilitate the settlement process. When the Company borrows securities it usually provides the counterparty with collateral in the form of cash or other securities. These transactions expose the Company to off-balance-sheet risk arising from the potential that the counterparty may fail to satisfy its obligations and the collateral will be insufficient. In these situations, the Company may be required to purchase or sell financial instruments at unfavorable market prices to satisfy obligations to its counterparties. In addition, the Company may be exposed to similar off-balance-sheet risk arising from liabilities to other counterparties related to unsettled transactions.

The Company from time to time sells securities that it does not currently own and would therefore be obligated to purchase such securities at a future date. Losses may be incurred if the market value of such securities increases.

11. RULE 15C3-3

The Company is exempt from the provisions of Rule 15c3-3 under paragraph k(2)(A) in that the Company carries no customer accounts and effectuates all financial transactions on behalf of customers on a fully disclosed basis.