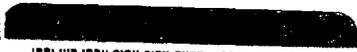


1/23/04

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

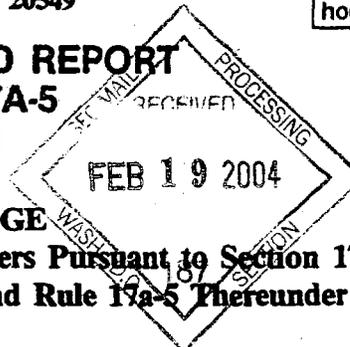
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SEC FILE NUMBER  
8- 44934



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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

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:

LM Anderson Securities, LLC

OFFICIAL USE ONLY  
FIRM ID. NO.

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

335 Madison Avenue - 11th Floor

(No. and Street)

New York

New York

10017

(City)

(State)

(Zip Code)

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

Chris Anci

212-652-3295

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

Halpern & Associates, LLC

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

143 Weston Road

Weston

CT

06883

(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 05 2004

FOR OFFICIAL USE ONLY  
THOMSON FINANCIAL

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

SEC 1410 (3-91)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Chris Anci, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of LM Anderson Securities, 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:

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

Chris Anci  
Signature  
President  
Title

Joanne C. Bartmess  
Notary Public

JOANNE C. BARTMESS  
NOTARY PUBLIC  
MY COMMISSION EXPIRES 2/28/05

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).

LM ANDERSON SECURITIES, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2003

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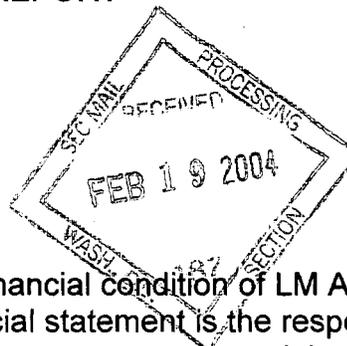
# Halpern & Associates, LLC

Certified Public Accountants and Consultants

143 Weston Road • Weston, CT 06883 • (203)227-0313 • FAX (203)226-6909 • Info@Halpernassoc.com

## INDEPENDENT AUDITORS' REPORT

To the Management of  
LM Anderson Securities, LLC



We have audited the accompanying statement of financial condition of LM Anderson Securities, LLC, as of December 31, 2003. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this 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 this financial statement is 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 statement referred to above presents fairly, in all material respects, the financial position of LM Anderson Securities, LLC, as of December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

*Halpern & Associates, LLC*

Weston, Connecticut  
January 30, 2004

LM ANDERSON SECURITIES, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2003

ASSETS

Cash and cash equivalents	\$ 18,902
Receivable from broker	81,362
Furniture and equipment, at cost, net of accumulated depreciation of \$22,750	<u>223</u>
 TOTAL ASSETS	 <u><u>\$ 100,487</u></u>

LIABILITIES AND MEMBER'S EQUITY

 LIABILITIES	
Accrued expenses and other liabilities	\$ 76,119
 MEMBER'S EQUITY	 <u>24,368</u>
 TOTAL LIABILITIES AND MEMBER'S EQUITY	 <u><u>\$ 100,487</u></u>

The accompanying notes are an integral part of this statement.

## NOTES TO STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2003

## 1. NOTES ON SIGNIFICANT BUSINESS ACTIVITIES

LM Anderson Securities, LLC (the "Company") was organized in the State of Connecticut in April 1999 and began doing business as a registered broker-dealer in securities with the Securities and Exchange Commission in May 1999. In this capacity, it executes both principal and agency transactions for its customers through its broker, Matrix Capital Group, Inc. ("Matrix").

In the normal course of its business, the Company enters into financial transactions where the risk of potential loss due to changes in market (market risk) or failure of the other party to the transaction to perform (credit risk) exceeds the amounts recorded for the transaction.

The Company's policy is to continuously monitor its exposure to market and counterparty risk through the use of a variety of financial, position and credit exposure reporting and control procedures. In addition, the Company has a policy of reviewing the credit standing of each broker-dealer, clearing organization, customer and/or other counterparty with which it conducts business.

The Company introduces its customer transactions to Matrix Capital who has a correspondent relationship for execution and clearance with its clearing broker in accordance with the terms of a clearance agreement. In connection therewith, the Company has agreed to indemnify the clearing broker for losses that the clearing broker may sustain related to the Company's customers. As of December 31, 2003, amounts were owed to the clearing broker by these customers, which were in connection with normal, delivery-against-payment, cash-account transactions. After December 31, 2003, all amounts related to such transactions were received from customers. Securities purchased by customers in connection with those transactions are held by the clearing broker as collateral for the amounts owed.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The Company records securities transactions and related revenues and expenses on a trade date basis.

Security transactions and financing with the clearing broker are classified as operating activities on the statement of cash flows since this is the Company's principal business.

## NOTES TO STATEMENT OF FINANCIAL CONDITION (CONTINUED)

DECEMBER 31, 2003

The Company maintains its books and records on an accrual basis in accordance with accounting principles generally accepted in the United States of America.

Depreciation is provided for on accelerated methods over the useful lives of the assets.

### 3. RECEIVABLE FROM BROKER

In March 2002, the Company entered into a three-year arrangement with Matrix. Matrix agreed to provide licensed management, supervision, and compliance. Furthermore, a Matrix representative serves as the President of the Company. In consideration, Matrix receives a fee calculated according to terms set forth in the agreement. Additionally, Matrix receives a fixed monthly fee to cover overhead costs. The financial statements reflect fees of \$13,000 relating to this arrangement for overhead. At December 31, 2003, the receivable from broker of \$81,362, included commissions from proprietary transactions less any fees payable under this arrangement.

### 4. INCOME TAXES

The Company is recognized as a Limited Liability Company, (an "LLC"), by the Internal Revenue Service. As an LLC, the Company is not subject to income taxes. The member is liable for federal and state income taxes on the Company's taxable income.

### 5. 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 margin accounts, promptly transmits all customer funds and delivers all securities received, does not otherwise hold funds or securities for or owe money or securities to customers and effectuates all financial transactions on behalf of customers on a fully disclosed basis.

### 6. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2003, the Company had net capital of \$19,188, which exceeded the minimum requirement of \$5,075 by \$14,113. The Company's ratio of aggregate indebtedness to net capital was 3.97 to 1.