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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

SEC FILE NUMBER  
8- 33954

33594

FACING PAGE

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

REPORT FOR THE PERIOD BEGINNING 01/01/2003 AND ENDING 12/31/2003  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

**Empire Investment, Inc.**

OFFICIAL USE ONLY

FIRM I.D. NO.

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

**136 - 40 39th Avenue**

(No. and Street)

**Flushing**

**New York**

**11354**

(City)

(State)

(Zip Code)

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

**Lian Huo Wu**

**(718) 445-2313**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Kempisty & Company, Certified Public Accountants, P.C.**

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

**15 Maiden Lane, Suite 1003**

**New York**

**New York**

**10038**

(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 19 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).

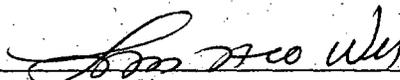
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SEC 1410 (06-02)

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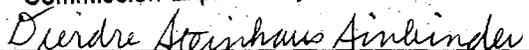
## OATH OR AFFIRMATION

I, Lian Huo Wu, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Empire Investment, Inc., as of December 31, 20 03, 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:

  
Signature

President  
Title

DIERDRE STEINHAUS AINBINDER  
Notary Public, State of New York  
No. 01A14899711  
Qualified in Nassau County  
Commission Expires July 6, 20 05

  
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 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 general creditors.
- (g) Computation of net capital for brokers and dealers pursuant to Rule 15c3-1.
- (h) Computation for determination of reserve requirements pursuant to Rule 15c3-3.
- (i) Information relating to the possession or control requirements for broker and dealers 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.
- (o) Independent auditor's report on internal accounting control.
- (p) Schedule of segregation requirements and funds in segregation – customers regulated commodity futures account pursuant to Rule 171-5.

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

**EMPIRE INVESTMENT INC.**

**DECEMBER 31, 2003**

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# KEMPISTY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, P.C.

15 MAIDEN LANE - SUITE 1003 - NEW YORK, NY 10038 - TEL (212) 406-7272 - FAX (212) 513-1930

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## INDEPENDENT AUDITORS' REPORT

To the Stockholder of  
Empire Investment Inc.

We have audited the accompanying statement of financial condition of Empire Investment Inc. 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 the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Empire Investment Inc. as of December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

*Kempisty & Company CPAs, P.C.*  
Kempisty & Company  
Certified Public Accountants PC  
New York, New York  
February 13, 2004

EMPIRE INVESTMENT INC.

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2003

ASSETS

Cash and cash equivalents (Note 4)	\$	3,950
Commissions receivable (Note 6)		27,615
Due from clearing broker (Note 6)		103,076
Securities owned, at market (Note 3)		92,249
Furniture, fixtures, equipment and leasehold improvements, (net of accumulated depreciation of \$55,484)		8,526
Due from stockholder		19,378
Deposits receivable		584
Other assets		<u>11,155</u>
TOTAL ASSETS	\$	<u><u>266,533</u></u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Due to clearing broker	\$	27,807
Bank overdraft		901
Accounts payable and accrued expenses		<u>20,238</u>
TOTAL LIABILITIES		48,946
Commitments and contingent liabilities (Note 5)		
Stockholder's equity		
Common stock, without par value, authorized 200 shares, issued and outstanding 30 shares		164,388
Paid-in capital		149,500
Deficit		<u>(96,301)</u>
Total Stockholder's Equity		<u>217,587</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$	<u><u>266,533</u></u>

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

**EMPIRE INVESTMENT INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2003**

**NOTE 1- ORGANIZATION AND NATURE OF BUSINESS**

Organization

Empire Investment Inc. (the "Company") a New York State Corporation is registered as a securities broker-dealer with the Securities and Exchange Commission and is a member of the National Association of Securities Dealers, Inc.

Nature of Business

The Company earns commission income by introducing and forwarding as a broker, transactions and accounts of customers to another broker-dealer who carries such accounts on a fully disclosed basis.

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Revenue Recognition

Securities transactions and related revenues and expenses are recorded on a trade date basis. Commission revenues are recorded on a settlement date basis.

Marketable securities owned by the Company are stated at quoted market values with unrealized gains and losses reflected in income.

Depreciation

The cost of furniture and equipment is depreciated over the estimated useful lives of the related assets using a double declining method. Leasehold improvements are depreciated over the life of the lease.

Cash and Cash Equivalents

All short-term investments with an original maturity of three months or less are considered to be cash equivalents.

**EMPIRE INVESTMENT INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2003**

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

The Company is engaged in various investment and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comprehensive Income

The Company has adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS No. 130"). SFAS No. 130 requires an entity to report comprehensive income and its components and increases financial reporting disclosures. This standard has no impact on the Company's financial position, cash flows or results of operations since the Company's comprehensive income is the same as its reported net income for 2003.

NOTE 3- SECURITIES OWNED AT MARKET

Marketable securities owned at December 31, 2003, consist of investment securities at quoted market values, as illustrated below:

	<u>Securities Long</u>
Common stocks	\$ <u>92,249</u>

**EMPIRE INVESTMENT INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2003**

**NOTE 4- CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at December 31, 2003 included the following:

Galaxy Money Market Fund	\$ <u><u>3,950</u></u>
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**NOTE 5- COMMITMENTS AND CONTINGENCIES**

The Company is obligated under an office lease which expires on December 31, 2005. The office facilities are leased from the stockholder of the Company. During 2002 the Company paid \$27,000 in rent expense to the stockholder who waived the rent. Remaining commitments under the operating lease mature as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2004	\$ 48,000
2005	48,000
	\$ <u><u>96,000</u></u>

**NOTE 6- RECEIVABLE FROM BROKER-DEALERS AND CLEARING ORGANIZATIONS**

Amounts receivable from and payable to broker-dealers and clearing organizations at December 31, 2003, consist of the following:

	<u>Receivable</u>	<u>Payable</u>
Due from clearing broker	\$ 103,076	\$ -
Payable to clearing broker	-	27,807
Fees and commissions receivable	27,615	-
	\$ <u><u>130,691</u></u>	\$ <u><u>27,807</u></u>

**NOTE 7- INCOME TAXES**

The Company elected "S Corporation" status with the Internal Revenue Service and state taxing authorities. The stockholder includes the "S Corporation" income or loss in his individual tax returns, and accordingly, no income taxes or benefits are provided for in the financial statements during the period of "S Corporation" status.

**EMPIRE INVESTMENT INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2003**

**NOTE 8- NET CAPITAL**

As a registered broker-dealer and member of the National Association of Securities Dealers, Inc., the Company is subject to Rule 15c3-1 of the Securities and Exchange Commission which requires that net capital, as defined, be at least the greater of \$5,000 or one-fifteenth of aggregate indebtedness, as defined, so long as the Company continues to be an Introducing Broker. Net capital changes from day to day, but as of December 31, 2003, the Company had net capital of \$158,796 which exceeded requirements by \$153,796.

**NOTE 9- EXEMPTION FROM RULE 15c3-3**

The Company is exempt from the Securities and Exchange Commission Rule 15c3-3 and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers".

**NOTE 10- OFF BALANCE SHEET RISK**

Pursuant to a clearance agreement, the Company introduces all of its securities transactions to its sole clearing broker on a fully disclosed basis. Therefore, all of the customers' money balances and long and short security positions are carried on the books of the clearing broker. Under certain conditions as defined in the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing broker monitor collateral on the securities transactions introduced by the Company.