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

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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 10/10/02 AND ENDING 12/31/03  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: GFCM Securities, LLC

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

390 Park Avenue, 4th Floor

(No. and Street)

New York, NY

(City)

10022

(State)

(Zip Code)

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

Mr. Neil Shapiro

212-433-1233

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Spielman Koenigsberg & Parker, LLP

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

888 Seventh Avenue, 35th Floor, New York, NY 10106

(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 29 2004

<b>FOR OFFICIAL USE ONLY</b>	<b>THOMSON FINANCIAL</b>
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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 240.17a-5(e)(2)

BB

OATH OR AFFIRMATION

I, Gary Fuhrman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of GFCM 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:

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

Neil Shapiro  
Notary Public, State of NY  
No. 015H6101401  
Qualified in New York County  
Commission Expires 11/10/2007  
\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Signature  
MEMBER  
\_\_\_\_\_  
Title

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 Proprietors' 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 15c3-3 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 Auditors' Report on Internal Control

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

GFCM SECURITIES, LLC

TABLE OF CONTENTS

For the Period October 10, 2002 through December 31, 2003

	<u>Page</u>
Independent Auditors' Report .....	1
Financial Statements	
Statement of Financial Condition.....	2
Statement of Operations.....	3
Statement of Changes in Member's Equity .....	4
Statement of Cash Flows.....	5
Notes to Financial Statements .....	6
Supplementary Information	
Schedule of Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 .....	8
Independent Auditors' Report on Internal Control Structure, Required by SEC Rule 17a-5 .....	9



**Spielman Koenigsberg & Parker, LLP**

Certified Public Accountants

888 Seventh Avenue

New York, NY 10106

Phone: 212.489.5200

Fax: 212.489.5217

*Independent Auditors' Report*

To the Sole Member of  
GFCM Securities, LLC:

We have audited the accompanying statement of financial condition of GFCM Securities, LLC as of December 31, 2003, and the related statements of operations, changes in member's equity, and cash flows for the period October 10, 2002 through December 31, 2003. 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 audits.

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 condition of GFCM Securities, LLC as of December 31, 2003 and the results of its operations and cash flows for the period October 10, 2002 through December 31, 2003 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 supplementary schedule on page eight is presented for the purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by rule 17a-5 of the Securities and Exchange Commission. 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.

February 18, 2004

GFCM SECURITIES, LLC  
STATEMENT OF FINANCIAL CONDITION

December 31, 2003

<b>Assets</b>	
Current	
Cash and cash equivalents	\$ <u>20,817</u>
<b>Total assets</b>	<u>\$ 20,817</u>
<b>Liabilities</b>	
Current	
Accrued expenses	\$ <u>100</u>
Total liabilities	100
<b>Member's equity</b>	<u>20,717</u>
<b>Total liabilities and member's equity</b>	<u>\$ 20,817</u>

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

GFCM SECURITIES, LLC

STATEMENT OF OPERATIONS

For the Period October 10, 2002 through December 31, 2003

**Revenue**

Broker dealer fees	\$ 900,000
Total revenue	<u>900,000</u>

**Expenses**

Professional fees	600
Licenses and permits	3,528
Regulatory expenses	3,098
Broker dealer service	1,904
Insurance	403
Expense sharing allocation	100
Bank service charges	<u>80</u>
Total expenses	<u>9,713</u>
<b>Net income</b>	<u>\$ 890,287</u>

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

GFCM SECURITIES, LLC

STATEMENT OF CHANGES IN MEMBER'S EQUITY

For the Period October 10, 2002 through December 31, 2003

	<u>Capital</u>	<u>Accumulated Deficit/Surplus</u>	<u>Total</u>
<b>Balance, October 9, 2002</b>	\$ 15,000	\$ (4,570)	\$ 10,430
Net income		890,287	890,287
Member distribution		<u>(880,000)</u>	<u>(880,000)</u>
<b>Balance, December 31, 2003</b>	<u>\$ 15,000</u>	<u>\$ 5,717</u>	<u>\$ 20,717</u>

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

GFCM SECURITIES, LLC

STATEMENT OF CASH FLOWS

For the Period October 10, 2002 through December 31, 2003

**Cash flows from operating activities:**

Net income	\$ 890,287
Adjustments to reconcile net income to net cash provided by operating activities:	
Increase in:	
Accrued expenses	<u>100</u>
Net cash provided by operating activities	<u>890,387</u>

**Cash flows from financing activities:**

Member distributions	<u>(880,000)</u>
Net cash used in financing activities	<u>(880,000)</u>
Net increase in cash	10,387
<b>Cash and cash equivalents, beginning of period</b>	<u>10,430</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 20,817</u>

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

# GFCM SECURITIES, LLC

## NOTES TO FINANCIAL STATEMENTS

For the Period October 10, 2002 through December 31, 2003

### **1. Organization**

GFCM Securities, LLC (the "Company") is a limited liability company that provides broker dealer services. The Company initiated operations on February 15, 2002, and was registered with the Securities and Exchange Commission and the National Association of Securities Dealers on October 10, 2002. These financial statements cover the period since the date of registration through December 31, 2003.

### **2. Significant Accounting Policies**

#### **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 these estimates.

### **3. Income Taxes**

No provision for income taxes is shown on the accompanying financial statements since existing laws require the member to report its share of income or loss on its own income tax return.

### **4. Concentration of Credit Risk**

The Company maintains its cash balances at a financial institution in the New York metropolitan area. Accounts at this institution are insured by the Federal Deposit Insurance Corporation, up to \$100,000. At December 31, 2003 all cash balances were fully insured.

GFCM SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS

For the Period October 10, 2002 through December 31, 2003

**5. Net Capital Requirements**

The Company is subject to the Uniform Net Capital Rule under the Securities Exchange Act of 1934. The rule 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. The net capital and aggregate indebtedness change from day to day, but as of December 31, 2003 the Company had net capital of \$20,717, which was \$15,717 in excess of required net capital of \$5,000.

**6. Related Party Transactions**

In October 2002, the Company entered into an expense sharing agreement with an affiliated company with common ownership. This agreement was amended in October 2003. The amended agreement specified the sharing of expenses such as rent, office supplies, postage and other expenses non-regulatory in nature. As of December 31, 2003, a total of \$100 has been accrued for these expenses.

**SUPPLEMENTARY INFORMATION**

GFCM SECURITIES, LLC

SCHEDULE OF COMPUTATION OF NET CAPITAL FOR  
BROKERS AND DEALERS PURSUANT TO RULE 15c3-1

For the Period October 10, 2002 through December 31, 2003

Member's equity	<u>\$ 20,717</u>
Net capital	20,717
Computation of basic net capital requirement:	
Minimum net capital requirement (greater of 6⅓ % of aggregate indebtedness or \$5,000)	<u>5,000</u>
Capital in excess of minimum requirement	<u>\$ 15,717</u>
Aggregate indebtedness	<u>\$ 100</u>
Ratio of aggregate indebtedness to net capital.	<u>0</u>

There were no differences between the computation of net capital in the above schedule and the amount reported in the Company's unaudited Form X-17A5, Part IIA, filing as of December 31, 2003.

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



**Spielman Koenigsberg & Parker, LLP**

Certified Public Accountants

888 Seventh Avenue

New York, NY 10106

Phone: 212.489.5200

Fax: 212.489.5217

*Independent Auditors' Report on Internal Control Structure*

To the Sole Member of  
GFCM Securities, LLC:

In planning and performing our audit of the financial statements of GFCM Securities, LLC (the "Company") for the period October 10, 2002 through December 31 2003, we considered its internal control structure, including procedures 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 structure.

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 (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 making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11). We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications, comparisons and the recordation of differences required by rule 17a-13 or in 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, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The Company was in compliance with the conditions of its exemption from rule 15c3-3 and no facts came to our attention indicating such conditions had not been complied with during the year.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 internal control structure policies and procedures, and of the practices and procedures referred to in the preceding paragraphs and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of an internal control structure 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 the transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures in the preceding paragraphs.



*Independent Auditors' Report on Internal Control Structure (continued)*

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities 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 the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 the internal control structure, including procedures 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, 2003 to meet the SEC's objectives.

This report recognizes that it is not practical in an organization the size of GFCM Securities, LLC to achieve all of the divisions or duties and cross-checks generally included in a system of internal accounting control, and that, alternatively, greater reliance must be placed on surveillance by management.

This report is intended solely for the use of management, the SEC, the National Association of Securities Dealers, Inc., 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 should not be used for any other purpose.

*Spielman Koenigsberg & Parker, LLP*

February 18, 2004