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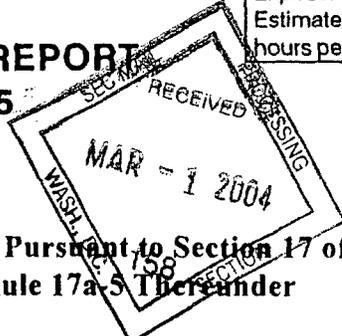


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**ANNUAL AUDITED REPORT**  
**FORM X-17A-5**  
**PART III**



SEC FILE NUMBER
8- <del>61920</del>

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: Newpoint Securities, L.L.C.

OFFICIAL USE ONLY

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

FIRM I.D. NO.

449 N. Canon Drive, Suite 100

(No. and Street)

Beverly Hills,  
(City)

California  
(State)

90210  
(Zip Code)

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

John Farahi

310-276-9922

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

George Brenner, CPA A Professional Corporation

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

10680 W. Pico Boulevard, Suite 260

Los Angeles, California

90064

(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 23 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 (06-02)

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, John Farahi, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Newpoint Securities, L.L.C., 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:

None

[Signature]  
Signature

Managing Director  
Title

[Signature]  
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 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
- (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).

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C.**

**ANNUAL AUDIT REPORT**

**DATE - DECEMBER 31, 2003**

**NEWPOINT SECURITIES, L.L.C.  
449 NORTH CANON DRIVE, SUITE 100  
BEVERLY HILLS, CALIFORNIA 90210**

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### PART II

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**George Brenner, CPA**  
A Professional Corporation  
10680 W. PICO BOULEVARD, SUITE 260  
LOS ANGELES, CALIFORNIA 90064  
310/202-6445 – Fax 310/202-6494

REPORT OF INDEPENDENT AUDITOR

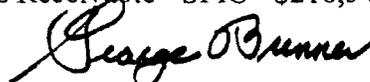
Board of Directors  
NewPoint Securities, L.L.C.  
Beverly Hills, California

I have audited the accompanying statement of financial condition of NewPoint Securities, L.L.C. as of December 31, 2003 and related statements of (loss), changes in member's equity and cash flows, for the year then ended. These financial statements are being filed pursuant to Rule 17a-5 of the Securities Exchange Act of 1934 and include the supplemental schedule of the net capital computation required by rule 15c3- 1. These financial statements are the responsibility of NewPoint Securities, L.L.C.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, such financial statements referred to above present fairly, in all material respects, the financial condition of NewPoint Securities, L.L.C. as of December 31, 2003 and the results of its operations, member's equity, cash flows and the supplemental schedule of net capital for the year then ended in conformity with accounting principles generally accepted in the United States of America.

See Notes 1 and 2 in connection with the Accounts Receivable - SPIC - \$216,545.



George Brenner, CPA

Los Angeles, California  
February 24, 2004

**NEWPOINT SECURITIES, L.L.C.**  
**STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2003**

**ASSETS**

Cash	\$ 107,480
Clearing Deposit	104,235
Due from Clearing Broker	49,137
Accounts Receivable - SPIC	216,545
Furniture & Equipment Net of \$92,049 Depreciation	79,934
Security Deposits	<u>9,938</u>
<b>Total Assets</b>	<b><u>\$ 567,269</u></b>

**LIABILITIES AND MEMBER'S EQUITY**

**Liabilities**

Accounts Payable	\$ 22,445
Accrued Expenses - State Tax	<u>5,451</u>
<b>Total Liabilities</b>	<b><u>27,896</u></b>

**Member's Equity**

Capital	1,371,607
Accumulated Deficit	<u>(832,234)</u>
<b>Total Member's Equity</b>	<b><u>539,373</u></b>
<b>Total Liabilities and Member's Equity</b>	<b><u>\$ 567,269</u></b>

The accompanying notes are an integral part of these financial statements.  
See Report of Independent Accountant.

**NEWPOINT SECURITIES, L.L.C.**  
**STATEMENT OF (LOSS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

<b>Revenues - Page 11</b>	\$ 563,029
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<b>Operating Expenses - Page 12</b>	<u>625,268</u>
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(Loss) Before Income Tax	( 62,239)
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Tax Provision	<u>2,812</u>
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<b>Net (Loss)</b>	<u><u>\$ ( 65,051)</u></u>
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The accompanying notes are an integral part of these financial statements.  
See Report of Independent Accountant.

**NEWPOINT SECURITIES, L.L.C.**  
**STATEMENT OF CHANGES IN MEMBER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>Total</u>
Balance, January 1, 2003	\$1,341,607	\$( 642,183)	\$ 699,424
Net (Loss)		( 65,051)	( 65,051)
Capital Contributed	30,000		30,000
Distribution		( 125,000)	( 125,000)
<b>Balance, December 31, 2003</b>	<u>\$1,371,607</u>	<u>\$( 832,234)</u>	<u>\$ 539,373</u>

The accompanying notes are an integral part of these financial statements.  
See Report of Independent Accountant.

**NEWPOINT SECURITIES, L.L.C.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

NET CASH PROVIDED BY OPERATIONS	
Net (loss)	\$( 65,051)
Depreciation	<u>21,601</u>
	( 43,450)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Clearing deposit	( 53,963)
Due from clearing broker	39,719
Inventory - securities	52,392
Accounts payable	( 67,547)
Commissions payable	( 3,048)
Due from officer/member	<u>48,240</u>
NET CASH (REQUIRED) BY OPERATIONS	<u>( 27,657)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	--
CASH FLOWS FROM FINANCING ACTIVITIES:	
Capital contributed	30,000
Capital distribution	<u>(125,000)</u>
Total	<u>( 95,000)</u>
NET DECREASE IN CASH	(122,657)
Cash at beginning of period	<u>230,137</u>
CASH BALANCE	<u>\$ 107,480</u>

The accompanying notes are an integral part of these financial statements  
See Report of Independent Accountant.

**NEWPOINT SECURITIES, L.L.C.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

**NOTE 1 - ORGANIZATION**

Newpoint Securities, LLC, the Company was approved as a broker-dealer by the NASD on May 9, 2000. The Company is registered under SEC Rule 15c3-3(k)(2)(ii) which provides that all of the funds and securities belonging to the Company's customers are handled by a correspondent broker-dealer. The Company's previous broker dealers were Miller Johnson & Kuehn (MJK) and Southwest Clearing Corp. See Note 2, Accounts Receivable - SPIC. The Company's current clearing broker is Pershing Clearing Services.

**NOTE 2 - ACCOUNTS RECEIVABLE - SPIC**

In connection with events of the September 11, 2001 tragedy, the Company's predecessor clearing broker (MJK) went out of business. Company management believes it suffered monetary losses, which should be covered by the Security Investors' Investment Corporation (SPIC) and has filed a claim for \$216,545. There can be no assurance that such claim will be honored. For purposes of the net capital calculation, the claim is considered a non-allowable asset.

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Commission Revenue is recognized on a "Settlement Date Basis." Securities are valued at market.

Property and equipment are being depreciated over 5 years.

**NOTE 4 - NET CAPITAL REQUIREMENT**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum of net capital as defined under such provisions. See page 8 for the computation of net capital.

At December 31, 2003, the Company had a net capital of \$230,806 and a net capital requirement of \$100,000. The Company's ratio of aggregate indebtedness to net capital was 0.1 to 1. The Securities and Exchange Commission permits a ratio of no greater than 15 to 1.

See Report of Independent Accountant.

**NEWPOINT SECURITIES, LLC**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2003**

**NOTE 5 - OFF BALANCE - SHEET RISK**

As discussed in Note 1, the customers' securities transactions are introduced on a fully disclosed basis with its clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers of the Company and is responsible for execution, collection and payment of funds, and receipt and delivery of securities relative to customers' transactions. Off-balance-sheet risk exists with respect to these transactions due to the possibility that a customer may charge any losses it incurs to the Company. The Company seeks to minimize this risk through procedures designed to monitor the credit worthiness of its customers and to ensure that customer transactions are executed properly by the clearing broker/dealer.

**NOTE 6 - USE OF ESTIMATES**

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

**NOTE 7 - INCOME TAXES**

The Company is a Limited Liability Company, (LLC). As such it pays no Federal tax but passes its income or loss directly to its members. There is a minimum state tax (\$800) plus a fee based on revenue.

**NOTE 8 - CONTINGENT LIABILITY**

The Company is a defendant in an NASD arbitration claim. A settlement may be proposed but the absolute amount is still pending..

**NOTE 9 - RELATED PARTY TRANSACTIONS & EXPENSE SHARING**

The Company does not have a written expense sharing agreement. All officers and staff who assist in the broker-dealer's operations are paid by a related company. Rent is paid (33%) by a related company.

See Report of Independent Accountant.

**NEWPOINT SECURITIES, L.L.C.**  
**COMPUTATION OF NET CAPITAL REQUIREMENTS PURSUANT**  
**TO RULE 15c3-1**  
**DECEMBER 31, 2003**

COMPUTATION OF NET CAPITAL

Total ownership equity from statement of financial condition	\$ 539,373
Less: Non allowable assets - Schedule Haircut	(306,417)
	<u>( 2,150)</u>
<b>NET CAPITAL</b>	<b><u>\$ 230,806</u></b>

COMPUTATION OF NET CAPITAL REQUIREMENTS

Minimum net aggregate indebtedness- 6-2/3 of net aggregate indebtedness	\$ <u>1,869</u>
Minimum dollar net capital required	\$ <u>100,000</u>
Net Capital required (greater of above amounts)	\$ <u>100,000</u>
<b>EXCESS CAPITAL</b>	<b><u>\$ 130,806</u></b>

Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)	\$ <u>228,016</u>
--	-------------------

COMPUTATION OF AGGREGATE INDEBTEDNESS

Total liabilities	\$ <u>27,896</u>
Percentage of aggregate indebtedness to net capital	<u>12%</u>
Percentage of debt to debt-equity to total computed in accordance with Rule 15c 3-1(d)	NA

RECONCILIATION

The following is a reconciliation, as of December 31, 2003 of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 179-5(d)(4):

UNAUDITED	\$ 228,015
Rounding	<u>1</u>
AUDITED	<b><u>\$ 228,016</u></b>

The accompanying notes are an integral part of these financial statements.  
See Report of Independent Accountant.

**NEWPOINT SECURITIES, L.L.C.**  
**NON ALLOWABLE ASSETS**  
**DECEMBER 31, 2003**

NON ALLOWABLE ASSETS

Receivable from SPIC	\$216,545
Net Property & Equipment	79,934
Deposits	<u>9,938</u>

TOTAL NON ALLOWABLE ASSETS      \$306,417

The accompanying notes are an integral part of these financial statements.  
See Report of Independent Accountant.

**George Brenner, CPA**  
A Professional Corporation  
10680 W. PICO BOULEVARD, SUITE 260  
LOS ANGELES, CALIFORNIA 90064  
310-202-6445 FAX 310-202-6494

INDEPENDENT AUDITOR'S REPORT  
ON THE SCHEDULE OF REVENUE AND OPERATING EXPENSES

Board of Directors  
NewPoint Securities, L.L.C.  
Beverly Hills, California

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The attached schedules of revenue and operating expenses for the year ended December 31, 2003 are presented for purposes of additional information and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements as a whole.



George Brenner, CPA

Los Angeles, California  
February 24, 2004

**NEWPOINT SECURITIES, L.L.C.**  
**SCHEDULE OF REVENUE**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

Listed Equity	\$ 8,755
Insurance/Annuities Commissions	\$147,028
Trailer Commission	1,554
Retail Mutual Fund Commissions	11,457
Trading Rebate	1,850
OTC & Other Business	47,689
Commission Income	1,345
Listed Options	305,648
Trading Profit/Loss	1,322
Postage	5,200
Error Account	931
Interest	21,702
Other Income	6,767
Revenue - Other	<u>1,781</u>
Total Revenue	<u>\$563,029</u>

The accompanying notes are an integral part of these financial statements.  
See Report of Independent Accountant.

**NEWPOINT SECURITIES, L.L.C.**  
**SCHEDULE OF OPERATING EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

Accounting	\$ 22,461
Advertising	2,740
Clearing Charges	145,473
Computer	8,985
Depreciation	21,600
Education & Training	1,332
Insurance	26,147
Internet Provider	14,178
Interest	660
Market Data Services	34,100
Legal	72,771
Meals & Entertainment	2,195
NASD Fees/Assessment	14,977
Office Expense	6,735
Outside Services	119,165
Parking	2,100
Rent -Office	76,297
Settlement Fee	32,541
Telephone	3,323
Telecommunications	12,844
Mediation Fee	1,200
Other	<u>3,444</u>

\$625,268

The accompanying notes are an integral part of these financial statements.  
See Report of Independent Accountant

**PART II**

**NEWPOINT SECURITIES, L.L.C.**

**STATEMENT OF INTERNAL CONTROL**

**DECEMBER 31, 2003**

**George Brenner, CPA**  
A Professional Corporation  
10680 W. PICO BOULEVARD, SUITE 260  
LOS ANGELES, CALIFORNIA 90064  
310/202-6445 – Fax 310/202-6494

REPORT OF INDEPENDENT AUDITOR  
ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5

To the Board of Directors  
NewPoint Securities, L.L.C.  
Beverly Hills, California

In planning and performing my audit of the financial statements of NewPoint Securities, L.L.C. (the "Company") for the year ended December 31, 2003, I have considered its internal control structure, including procedures for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my 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, I have made a study of the practice and procedures (including tests of compliance with such practices and procedures) followed by the Company that I considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. I did not review the practices and procedures followed by the Company: (1) in making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13;(2) 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; or (3) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

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 practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above mentioned objectives. Two of the objectives of an internal control structure and the practices 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 the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practice and procedures listed in the preceding paragraph.

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 degree of compliance with them may deteriorate.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under the 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 relationship 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, I noted no matters involving the accounting system and control procedures that I consider to be material weaknesses as defined above. In addition, the Company was in compliance with the exemptive provisions of Rule 15c3-3 as of December 31, 2003 and no facts came to my attention indicating that such conditions had not been complied with during the year then ended.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission 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 my study, I believe that the Company's practices and procedures were adequate at December 31, 2003 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, 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, and should not be used for any other purpose.



George Brenner, CPA

Los Angeles, California  
February 24, 2004