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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SECURITIES AND EXCHANGE COMMISSION  
MAR 1 2004  
DIVISION OF MARKET REGULATION

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

SEC FILE NUMBER  
8- 34174

**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 01/01/03 AND ENDING 12/31/03  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER

**OMNI BROKERAGE, INC.**

OFFICIAL USE ONLY  
FIRM ID. NO.

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

10542 SOUTH JORDAN GATEWAY, SUITE 330

(No. and Street)

SANDY

(City)

UTAH

(State)

84095

(Zip Code)

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

GARY BEYNON

(801) 553-1031

(Area Code — Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

HANSEN, BARNETT & MAXWELL

(Name — if individual state ias: first, middle name)

5 TRIAD CENTER, SUITE 750

(Address)

SALT LAKE CITY

(City)

UTAH

(State)

84180-1128

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 29 2004

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FINANCIAL

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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).

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, GARY BEYNON, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of OMNI Brokerage Inc. has any proprietary interest in any account classified solely as that of a customer, except as follows:

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

Gary Beynon  
Signature  
President  
Title

Karen Spencer  
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 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).

1. Company has no liabilities that are subordinated to claims of creditors.
2. Company exempt under 15c301(2).
3. Company is not a consolidated entity.

# HANSEN, BARNETT & MAXWELL

A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

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Salt Lake City, UT 84180-1128  
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Fax: (801) 532-7944  
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Registered with the Public Company  
Accounting Oversight Board



## REPORT OF INDEPENDENT ACCOUNTANTS

Stockholders and Board of Directors  
OMNI Brokerage, Inc.

We have audited the accompanying statements of financial condition of OMNI Brokerage, Inc. as of December 31, 2003 and 2002, and the related statements of operations, stockholder's equity, and cash flows for the years then ended. 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OMNI Brokerage, Inc. as of December 31, 2003 and 2002, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the computation and reconciliation of net capital is presented for 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 audits 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.

A handwritten signature in cursive script that reads "Hansen, Barnett &amp; Maxwell".

**HANSEN, BARNETT & MAXWELL**

Salt Lake City, Utah  
January 30, 2004

**OMNI BROKERAGE, INC.**  
**STATEMENTS OF FINANCIAL CONDITION**  
**DECEMBER 31, 2003 AND 2002**

	<b>2003</b>	<b>2002</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 354,899	\$ 20,734
Accounts receivable	25,268	-
Receivables - related party	13,777	-
Commissions receivable	125,547	-
Prepaid expense	683	-
<b>Total Current Assets</b>	520,174	20,734
Equipment	39,557	26,659
Accumulated depreciation	(8,354)	(1,640)
<b>Total Equipment</b>	31,203	25,019
<b>Other Assets</b>		
Investment in warrants	-	3,300
	-	3,300
<b>Total Assets</b>	\$ 551,377	\$ 49,053
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 49,564	\$ 639
Payable - related party	793	-
Commissions payable	157,772	-
Accrued payroll and related expenses	238,950	1,449
Income taxes payable	7,804	-
<b>Total Current Liabilities</b>	454,883	2,088
<b>Deferred Tax Liability</b>	2,316	-
<b>Stockholders' Equity</b>		
Common stock - 50,000 shares authorized; 27,000 shares issued and outstanding; \$0.50 stated value	13,500	13,500
Additional paid-in capital	65,429	65,429
Retained earnings (deficit)	15,249	(31,964)
<b>Total Stockholders' Equity</b>	94,178	46,965
<b>Total Liabilities and Stockholders' Equity</b>	\$ 551,377	\$ 49,053

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

**OMNI BROKERAGE, INC.**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b>Revenues</b>		
Commissions income	\$ 4,238,830	\$ 1,799,624
Other revenue	567,211	51,220
Interest income	135	120
	<u>4,806,176</u>	<u>1,850,964</u>
<b>Expenses</b>		
Commissions expense	3,678,327	1,554,735
Office overhead and expense	957,908	80,473
Professional fees	81,020	170,468
Dues and subscriptions	4,047	510
Depreciation	6,715	1,640
Loss on investment	3,300	-
Other	17,526	25,466
	<u>4,748,843</u>	<u>1,833,423</u>
<b>Income Before Income Tax</b>	<u>57,333</u>	<u>17,541</u>
<b>Provision For Income Tax</b>	<u>10,120</u>	<u>-</u>
<b>Net Income</b>	<u>\$ 47,213</u>	<u>\$ 17,541</u>

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

**OMNI BROKERAGE, INC.**  
**STATEMENTS OF STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>Total Stockholders' Equity</u>
<b>Balance at December 31, 2001</b>	\$ 13,500	\$ 65,429	\$ (49,505)	\$ 29,424
Net Income	-	-	17,541	17,541
<b>Balance at December 31, 2002</b>	13,500	65,429	(31,964)	46,965
Net Income	-	-	47,213	47,213
<b>Balance at December 31, 2003</b>	<u>\$ 13,500</u>	<u>\$ 65,429</u>	<u>\$ 15,249</u>	<u>\$ 94,178</u>

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

**OMNI BROKERAGE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<b>2003</b>	<b>2002</b>
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 47,213	\$ 17,541
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation expense	6,715	1,640
Loss on investment	3,300	-
Changes in assets and liabilities:		
Accounts receivable	(25,268)	-
Receivables - related party	(13,777)	-
Commissions receivable	(125,547)	98,670
Prepaid expense	(683)	-
Accounts payable	48,925	639
Payable - related party	793	-
Commissions payable	157,772	(87,324)
Accrued payroll and related expenses	237,501	1,449
Income taxes payable	7,804	-
Deferred tax liability	2,316	-
	<b>347,064</b>	<b>32,615</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of equipment	(12,899)	(26,659)
	<b>(12,899)</b>	<b>(26,659)</b>
<b>Increase in Cash</b>	<b>334,165</b>	<b>5,956</b>
<b>Cash At Beginning of Year</b>	<b>20,734</b>	<b>14,778</b>
<b>Cash At End of Year</b>	<b>\$ 354,899</b>	<b>\$ 20,734</b>
<b>Supplemental Cash Flows Information</b>		
Taxes paid	<b>\$ 320</b>	<b>\$ 100</b>

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

**OMNI BROKERAGE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003 AND 2002**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** — OMNI Brokerage, Inc. is a Utah corporation organized and registered to engage in the securities business as a broker/dealer. The Company's principal markets are Utah, California, Arizona, Texas and Florida

**Estimates** — The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Recognition of Revenues and Expenses** — Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities and commodities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Customers' securities and commodities transactions are reported on a settlement date basis with related commission income and expenses reported on a trade date basis.

**Cash and Cash Equivalents** — For the purpose of cash flows, all highly liquid debt instruments purchased with an original maturity of three months or less are considered cash equivalents. At December 31, 2003 and 2002, the Company had cash and cash equivalents of \$245,005 and \$0, respectively, in excess of FDIC limits.

**Commissions Receivable** — Commissions receivable are amounts due for fees earned from sale of securities. The entire amount of commissions and related income is recognized upon the sale of securities.

**Accounts Receivable** — Accounts receivable are amounts due for expenses paid by the Company on behalf of other parties.

**Property and Equipment** — Property and equipment are carried at cost. Costs of additions and major renewals and betterments are capitalized, while maintenance, repairs and minor renewals are expensed as incurred. The cost and accumulated depreciation of property and equipment sold, or otherwise disposed of, are relieved from the accounts and any gains or losses are included in income. Depreciation is computed using the straight line method over the estimated useful lives of equipment, which ranges between three and seven years. Depreciation expense for the years ended December 31, 2003 and 2002 was \$6,715 and \$1,640, respectively.

**Income Taxes** — The Company recognizes an asset or liability for the deferred tax consequences of all temporary differences between the tax bases of assets or liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years when the reported amounts of the assets or liabilities are recovered or settled. These deferred tax assets or liabilities are measured using the enacted tax rates that will be in effect when the differences are expected to reverse. Deferred tax assets are reviewed periodically for recoverability and valuation allowances are provided, as necessary.

**Investments** — Investments are recorded at the lower of market or cost with the difference recorded as unrealized gains and losses. At December 31, 2002, the investment account represents amounts paid for the rights to warrants of NASD. These warrants expired during 2003, and the value previously reported as investments was written off as a loss on investment.

**Financial Instruments** — Financial instruments include accounts receivable and accounts payable. Management estimates that the carrying amount of these financial instruments represents their fair values, which were determined by their near term nature or by comparable financial instruments' market value.

**NOTE 2 – INCOME TAXES**

The significant components of the Company's deferred income tax liabilities and assets as of December 31, 2003 and 2002 are as follows:

	<u>2003</u>	<u>2002</u>
Deferred Income Tax Assets:		
Net operating loss carryforwards	\$ —	\$ 2,403
Capital loss carryforward	1,231	—
Total Deferred Income Tax Assets	<u>1,231</u>	<u>2,403</u>
Valuation allowance	—	(2,403)
Deferred Income Tax Liability—Depreciation and amortization	<u>(3,547)</u>	<u>—</u>
Net Deferred Income Tax Liability	<u>\$ (2,316)</u>	<u>\$ —</u>

The amount of, and ultimate realization of, the deferred income tax assets are dependent, in part, upon the tax laws in effect, the Company's future earnings, and other future events, the effects of which cannot be determined.

The following is a reconciliation of the amount of tax benefit that would result from applying the federal statutory rate to pretax loss with the benefit from income taxes:

	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
Provision at statutory rate (34%)	\$ 19,661	\$ 5,964
Other non-deductible expenses and adjustments	(9,651)	—
Benefit of operating loss carryforward	(4,201)	(3,175)
Change in valuation allowance	2,403	(3,368)
State tax benefit, net of federal tax benefit	<u>1,908</u>	<u>579</u>
Net Provision For Income Taxes	<u>\$ 10,120</u>	<u>\$ —</u>

For federal income tax purposes, the Company had no operating loss carry forwards as of December 31, 2003.

### **NOTE 3 – NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c-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 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1).

At December 31, 2003, the Company had net capital of \$62,292 which was \$31,951 in excess of its required net capital of \$30,341. The Company's ratio of aggregate indebtedness to net capital was 7.3 to 1.

At December 31, 2002, the Company had net capital of \$18,646 which was \$13,646 in excess of its required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital was 0.11 to 1.

### **NOTE 4 – RELATED PARTY TRANSACTIONS**

At December 31, 2003, the amounts reflected as "receivables – related parties" and "payable – related party" represent reimbursable expenses due from and to parties related through common ownership.

The Company leases office space and pays certain overhead expenses to a related party through common ownership. The lease is on a month-to-month basis. Lease expense paid to this related party was \$80,746 and \$7,507 for the years ended December 31, 2003 and 2002, respectively.

**SUPPLEMENTAL INFORMATION**

**OMNI BROKERAGE, INC.**  
**COMPUTATION AND RECONCILIATION OF NET CAPITAL**  
**DECEMBER 31, 2003**

Total stockholder's equity	\$ 94,178
Less non-allowable assets:	
Equipment, net of accumulated depreciation	(31,203)
Other assets	<u>(683)</u>
<b>Net Capital</b>	<u>62,292</u>
Net capital per amended Focus Report dated December 31, 2003	<u>77,569</u>
<b>Difference</b>	<u>\$ (15,277)</u>
<b>Reconciliation of difference between net capital and net capital per amended focus report dated December 31, 2003</b>	
Change in non-allowable assets:	
Equipment, net of accumulated depreciation	\$ 1,326
Other assets	<u>3,870</u>
Total change in non-allowable assets	5,196
Audit adjustments:	
Cash	7,911
Equipment	(1,327)
Expenses	<u>(27,057)</u>
	<u>\$ (15,277)</u>
<b>Aggregate Indebtedness</b>	
Allowable liabilities	<u>\$ 457,199</u>
<b>Computation of Basic Net Capital Requirement</b>	
Net capital	\$ 62,292
Minimum net capital required	<u>30,341</u>
Excess Net Capital	<u>\$ 31,951</u>
<b>Ratio of Aggregate Indebtedness to Net Capital</b>	<u>7.3 to 1</u>
<b>Ratio of Aggregate Indebtedness to Net Capital Per the Amended Focus Report</b>	<u>5.6 to 1</u>
<b>Difference</b>	<u>(1.7)</u>

# HANSEN, BARNETT & MAXWELL

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## ACCOUNTANTS' SUPPLEMENTAL REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5 FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3

Board of Directors  
OMNI Brokerage, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of OMNI Brokerage, Inc. (the Company), for the year ended December 31, 2003, we considered its internal control, including control activities 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 internal control.

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 followed by the Company including tests of such practices and procedures 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) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

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

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud 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 internal control would not necessarily disclose all matters in internal control 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 components does not reduce to a relatively low level the risk that error or fraud 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 internal control, including control activities 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 is intended solely for the information and use of management, the Securities and Exchange Commission, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



**HANSEN, BARNETT & MAXWELL**

Salt Lake City, Utah  
January 30, 2004