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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

*** AA 3/16/04

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

SEC FILE NUMBER
008-65931
~~8-23416~~

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:

KELLOGG PARTNERS INSTITUTIONAL SERVICES, LLC

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

120 BROADWAY, 30th FLOOR

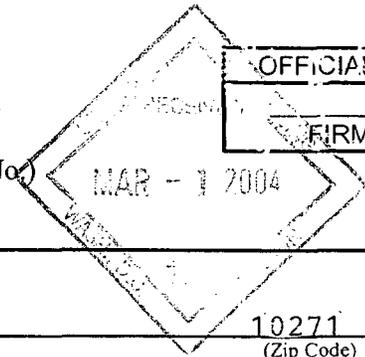
(No. And Street)

NEW YORK,
(City)

NY
(State)

10271
(Zip Code)

OFFICIAL USE ONLY
FIRM ID. NO.



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

MARK SCHALLES

(212) 433-7794

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report *

FULVIO & ASSOCIATES, LLP

ATTN: JOHN FULVIO, CPA

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

60 EAST 42ND STREET

NEW YORK

NY

10165

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

APR 02 2004

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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 basis for the exemption. See section 240.17a-5(e)(2).

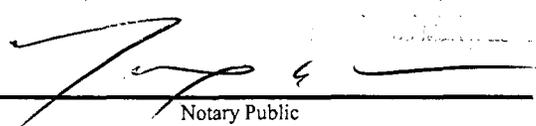
Handwritten initials and signatures at the bottom of the page.

OATH OR AFFIRMATION

I, MARK SCHALLES, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of KELLOGG PARTNERS INSTITUTIONAL SERVICES, 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:


Signature

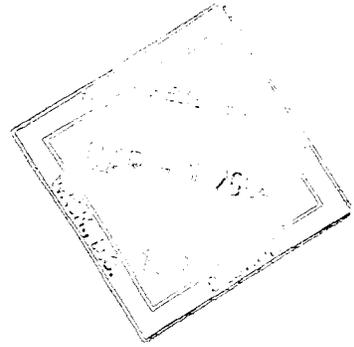
CHIEF FINANCIAL OFFICER
Title


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 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 or 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 sin the date of previous audit.
- (o) Supplemental independent Auditors Report on Internal Accounting Control.

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



KELLOGG PARTNERS INSTITUTIONAL SERVICES, LLC

A WHOLLY OWNED SUBSIDIARY OF
PERFORMANCE CAPITAL GROUP, LLC

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2003

INDEPENDENT AUDITOR'S REPORT

To the Member of
Kellogg Partners Institutional Services, LLC, a wholly owned subsidiary of
Performance Capital Group, LLC:

We have audited the accompanying statement of financial condition of Kellogg Partners Institutional Services, LLC, a wholly owned subsidiary of Performance Capital Group, LLC (the "Company") 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 financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 Kellogg Partners Institutional Services, LLC, a wholly owned subsidiary of Performance Capital Group, LLC as of December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

Fulvio & Associates, L.L.P.

New York, New York
February 24, 2004

KELLOGG PARTNERS INSTITUTIONAL SERVICES, LLC
A WHOLLY OWNED SUBSIDIARY OF PERFORMANCE CAPITAL GROUP, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2003

ASSETS

Cash	\$ 363,606
Commissions receivable	182,137
Fixed assets (net of accumulated depreciation of \$12,869)	64,343
Other assets	<u>32,353</u>
 TOTAL ASSETS	 <u>\$ 642,439</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities:

Accounts payable and accrued expenses	\$ 46,329
Payable to affiliate	4,893
Payable to parent company	<u>10,263</u>
 TOTAL LIABILITIES	 61,485
 Member's equity	 <u>580,954</u>
 TOTAL LIABILITIES AND MEMBER'S EQUITY	 <u>\$ 642,439</u>

The accompanying notes are an integral part of this financial statement.

KELLOGG PARTNERS INSTITUTIONAL SERVICES, LLC
A WHOLLY OWNED SUBSIDIARY OF PERFORMANCE CAPITAL GROUP, LLC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2003

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kellogg Partners Institutional Services, LLC (the "Company") was organized in the State of New York in February 2003. The Company is registered as a broker-dealer with the Securities and Exchange Commission (the "SEC") and is a member of the National Association of Securities Dealers, Inc. (the "NASD"), the New York Stock Exchange, Inc. (the "NYSE") and the Securities Investor Protection Corporation ("SIPC"). The Company does not receive or hold funds or securities for, nor owe funds or securities to, customers.

The Company provides execution services for institutional customers on the floor of the NYSE and through riskless principal transactions for listed and over-the-counter traded securities.

Fixed assets are carried at cost and depreciated on a straight-line basis over their estimated useful lives.

Management uses estimates and assumptions in preparing financial statements in accordance with general accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities and related revenue and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

The Company records securities transactions and commission revenue and related expenses on a trade-date-basis.

NOTE 2. COMMISSIONS RECEIVABLE

The commissions receivable shown on the statement of financial condition is due from the Company's clearing broker (Spear, Leeds & Kellogg). The Company introduces its customer transactions to this clearing broker, which are governed by the terms of a clearance agreement. In connection with the clearance agreement, the Company has agreed to indemnify its clearing broker for losses that the clearing broker may sustain as it relates to the Company's introduced customer transactions.

KELLOGG PARTNERS INSTITUTIONAL SERVICES, LLC
A WHOLLY OWNED SUBSIDIARY OF PERFORMANCE CAPITAL GROUP, LLC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2003
(continued)

NOTE 3. NET CAPITAL REQUIREMENTS

As a registered broker-dealer, the Company is subject to the Uniform Net Capital Rule 15c3-1 of the SEC which requires the maintenance of minimum net capital, as defined and that aggregate indebtedness, as defined, does not exceed fifteen times net capital. At December 31, 2003, the Company had net capital of \$484,259 that exceeded their requirements by \$384,259.

NOTE 4. SIGNIFICANT GROUP CONCENTRATION OF CREDIT RISK

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 failures 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 counter-party 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 customer and/or other counter-party with which it conducts business.

As of December 31, 2003, there were no significant customer accounts having unsecured debit balances that presented any risk.

NOTE 5. COMMITMENTS

The Company has three seat leases for its operations on the NYSE that expire in the year 2004. The base monthly seat lease payments are approximately \$51,000 in total for the three seat leases. The lease agreements contain provisions to terminate each lease.

The Company also has a cancelable month-to-month lease agreement on its office space. The monthly office rent is \$2,000.

NOTE 6. PAYABLE TO PARENT COMPANY AND AFFILIATE

The payable to parent company and affiliate on the statement of financial condition relate to the Company's shares of expenses paid on behalf of the Company by these parties.

KELLOGG PARTNERS INSTITUTIONAL SERVICES, LLC
A WHOLLY OWNED SUBSIDIARY OF PERFORMANCE CAPITAL GROUP, LLC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2003
(continued)

NOTE 7. INCOME TAXES

The Company complies with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", which requires an asset and liability approach to financial reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce the deferred income tax assets to the amount expected to be realized.

Since the Company is considered a "disregarded entity" for income tax purposes, no provision for income taxes is made at the Company's subsidiary level.