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SECURITIES

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

**SEC FILE NUMBER**  
 8- 46795

**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 3/29/03 AND ENDING 3/26/04  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:  
 Schonfeld & Company, LLC

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

(No. and Street)

Jericho New York 11753  
(City) (State) (Zip Code)

**OFFICIAL USE ONLY**

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FIRM ID. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
 Steven Navon (516) 822-0202  
(Area Code- Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
 Goldstein Golub Kessler LLP

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

1185 Avenue of the Americas New York NY 10036  
(Address) (City) (State) (Zip Code)

**RECD S.E.C.**  
 MAY 25 2004  
 813

- CHECK ONE:**
- Certified Public Accountant
  - Public Accountant
  - Accountant not resident in United States or any of its possessions.

**PROCESSED**  
 JUN 18 2004  
 THOMSON 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).

## OATH OR AFFIRMATION

I, Margaret Caffrey swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Schonfeld & Company, LLC, as of March 26, 2004, 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:

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

Notary Public For  
The State of New York  
Nassau County  
#01VI5044015

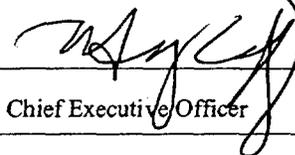
Arthur Vidro

SIGNED MAY 19th 2004  
Commission Expires:

MAY 22, 2007

Arthur Vidro

Notary Public



Chief Executive Officer

Signature

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 Cash Flows.
- (e) Statement of Changes in Member's Equity.
- (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).



**SCHONFELD & COMPANY LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**MARCH 26, 2004**

**GOLDSTEIN GOLUB KESSLER LLP**  
Certified Public Accountants and Consultants

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# GOLDSTEIN GOLUB KESSLER LLP

Certified Public Accountants and Consultants



## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Schonfeld & Company LLC

We have audited the accompanying statement of financial condition of Schonfeld & Company LLC as of March 26, 2004. 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 of the statement of financial condition 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 Schonfeld & Company LLC as of March 26, 2004 in conformity with accounting principles generally accepted in the United States of America.

*Goldstein Golub Kessler LLP*

**GOLDSTEIN GOLUB KESSLER LLP**

May 12, 2004

**SCHONFELD & COMPANY LLC**  
**STATEMENT OF FINANCIAL CONDITION**

**March 26, 2004**

**ASSETS**

Cash	\$3,084,285
Securities Owned - at market value	12,840
Due from Affiliated Clearing Broker	1,104,522
Due from Member	95,715
Intangible Asset, net	442,823
Security Deposit and Other Assets	707,568
<b>Total Assets</b>	<b>\$5,447,753</b>

**LIABILITIES AND MEMBERS' EQUITY**

Liabilities:

Accrued expenses	\$ 534,041
Due to affiliated broker	53,763
<b>Total liabilities</b>	<b>587,804</b>
Members' Equity	4,859,949
<b>Total Liabilities and Members' Equity</b>	<b>\$5,447,753</b>

See Notes to Statement of Financial Condition

# SCHONFELD & COMPANY LLC

## NOTES TO STATEMENT OF FINANCIAL CONDITION March 26, 2004

**1. ORGANIZATION  
AND SIGNIFICANT  
ACCOUNTING  
POLICIES:**

Schonfeld & Company LLC (the "Company") is a broker-dealer in securities registered with the Securities and Exchange Commission (the "SEC") and the Commodity Futures Trading Commission (the "CFTC") and is a member of the National Association of Securities Dealers, Inc. and the National Futures Association (the "NFA"). The Company acts as an introducing broker.

Securities owned are stated at quoted market values.

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

No provision for federal and state income taxes has been made for the Company since, as a limited liability company, the Company is not subject to income taxes. The Company's income or loss is reportable by its Members' on their tax returns.

The Company maintains cash in bank accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

This financial statement has been prepared in conformity with accounting principles generally accepted in the United States of America which require the use of estimates by management.

The Company's fiscal year consists of 52 or 53 weeks ending on the last Friday in March. The fiscal year ended March 26, 2004 contained 52 weeks.

**2. INTANGIBLE  
ASSET:**

The Company entered into an Asset Purchase Agreement on March 25, 2003 to acquire the retail trading business of Heartland Securities Corp. The total acquisition cost was \$613,140, including legal costs aggregating \$312,992 incurred in connection with this transaction.

The cost of the acquisition was allocated entirely to a customer list, which is being amortized over a three-year period. Accumulated amortization at March 26, 2004 amounted to \$170,317. Estimated amortization expense for the years ended March 2005, 2006 and 2007 is \$204,380, \$204,380 and \$34,063, respectively.

**3. RELATED PARTY  
TRANSACTIONS:**

The Company employs the services of an affiliated entity (the "Affiliated Clearing Broker"), a registered broker-dealer, for the clearance of agency transactions. In addition, the Company shares office space and facilities with the Affiliated Clearing Broker and another affiliated broker.

The amount due from Affiliated Clearing Broker in the accompanying statement of financial condition is due from the Affiliated Clearing Broker in connection with commission income earned, net of commission expenses, clearing fees and other expenses.

Due to affiliated broker in the accompanying statement of financial condition represents expenses due to the affiliated broker for sharing the office space and facilities.

# SCHONFELD & COMPANY LLC

## NOTES TO STATEMENT OF FINANCIAL CONDITION March 26, 2004

- 4. COMMITMENTS:** The Company is obligated under a noncancelable operating lease for office space expiring at December 31, 2005. The lease contains provisions for escalations based on certain costs incurred by the lessor.

The future aggregate minimum rental commitments under this lease are as follows:

Year ending March,

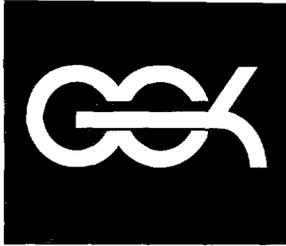
2005	\$1,117,575
2006	1,002,000

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\$2,119,575

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- 5. NET CAPITAL REQUIREMENT:** As a registered broker-dealer, the Company is subject to the SEC's Uniform Net Capital Rule 15c3-1. The rule requires that the Company maintain minimum net capital, as defined, of 6-2/3% of aggregate indebtedness, as defined, or \$100,000, whichever is greater. Net capital changes from day to day, but at March 26, 2004, the Company had net capital of \$3,613,149, which exceeded its requirement of \$100,000 by \$3,513,149.



**SCHONFELD & COMPANY LLC**

**INDEPENDENT AUDITOR'S  
SUPPLEMENTARY REPORT ON  
INTERNAL CONTROL REQUIRED  
BY SEC RULE 17a-5(g)(1) AND CFTC  
REGULATION 1.16**

**MARCH 26, 2004**



**GOLDSTEIN GOLUB KESSLER LLP**

Certified Public Accountants and Consultants

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# GOLDSTEIN GOLUB KESSLER LLP

Certified Public Accountants and Consultants



## **INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5(g)(1) AND CFTC REGULATION 1.16**

To the Members of  
Schonfeld & Company LLC

In planning and performing our audit of the financial statements and supplemental schedule of Schonfeld & Company LLC (the "Company") for the year ended March 26, 2004, 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 (the "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.

In addition, as required by Regulation 1.16 of the Commodity Futures Trading Commission (the "CFTC"), 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 Regulation 1.16 in making the periodic computations of minimum financial requirements pursuant to Regulation 1.17. 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. The daily computations of the segregation requirements of section 4d(2) of the Commodity Exchange Act and the regulations thereunder, and the segregation of funds based on such computations.

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This report is intended solely for the information and use of management, the Securities and Exchange Commission, the Commodity Futures Trading 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 in their regulation of registered brokers and dealers and/or Regulation 1.16 of the CFTC and is not intended to be and should not be used by anyone other than these specified parties.

*Goldstein Golub Kessler LLP*

**GOLDSTEIN GOLUB KESSLER LLP**

May 12, 2004