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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
APR 6 1 2004

SEC FILE NUMBER
8-50209

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: Gargoyle Strategic Investments, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

285 Grand Avenue Building 3, 2nd Floor

(No. and Street)

Englewood

(City)

NJ

(State)

07631-4361

(Zip Code)

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

Joshua Parker

(201) 227-2205

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Hy Allen & Co., CPAs

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

399 Knollwood Rd Ste 107

(Address)

White Plains

(City)

NY

(State)

10603

(Zip Code)

CHECK ONE:

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

PROCESSED

JAN 14 2004

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THOMSON
FINANCIAL

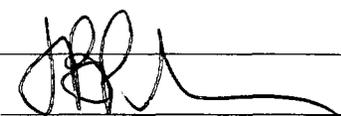
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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

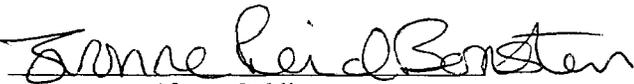
I, Joshua Parker, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of _____, as of December 31st, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

YVONNE REID-BERNSTEIN
Notary Public State of New Jersey
No. 2286288
Qualified in Bergen County
Commission Expires April 08 2007



Signature
~~XXXXXXXXXXXX~~ C.L.O.

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 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.

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

GARGOYLE STRATEGIC INVESTMENTS L.L.C.

FINANCIAL STATEMENTS

December 31, 2003

HY ALLEN & CO.

CERTIFIED PUBLIC ACCOUNTANTS
399 KNOLLWOOD ROAD SUITE 107
WHITE PLAINS, NY 10603

HY ALLEN, C.P.A.
JEFFREY N. ALLEN, C.P.A.

TEL. 914-428-2480
FAX 914-428-5663

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS of
GARGOYLE STRATEGIC INVESTMENTS L.L.C.

We have audited the statements of financial condition of Gargoyle Strategic Investments L.L.C. as of December 31, 2003 and 2002 and the related statements of operations, changes in partners' capital and financial highlights 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 generally accepted auditing standards. 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 audits provide a reasonable basis for our opinion.

The condensed schedule of investments as required by accounting principles generally accepted in the United States has not been presented. The condensed schedule requires categorizing investments by type, geographic location, and industry and reporting percentages of net assets by category. The condensed schedule would also include the names, number of shares and value of each investment constituting more than 5% of net assets.

In our opinion, except for the matter described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial condition of Gargoyle Strategic Investments L.L.C. as of December 31, 2003 and 2002, and the results of its operations and changes in its net asset values for the years then ended in conformity with accounting principles generally accepted in the United States.



HY ALLEN & CO., CPA'S

White Plains, New York
February 27, 2004

GARGOYLE STRATEGIC INVESTMENTS L.L.C.
COMPARATIVE STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31st

| | 2003 | 2002 |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | \$ 59,044 | \$ 239,346 |
| Net liquidity of brokerage account | 42,337,706 | 42,492,985 |
| Dividends receivable | 239,031 | 86,427 |
| Interest receivable | 262,701 | 294,476 |
| Myrtle Trading | -0- | 61,931 |
| Due from related entity | -0- | 27,175 |
| Investment in partnerships | 66,074 | -0- |
| Due from Gargoyle Int'l | 52,819 | -0- |
| Due from Gargoyle Int'l Holdings | 17,382 | -0- |
| Prepaid expense | 14,608 | -0- |
| Miscellaneous receivable | <u>14,842</u> | <u>-0-</u> |
| Total current assets | 43,064,207 | 43,202,340 |
| Fixed Assets: | | |
| Equipment | 196,568 | 151,269 |
| Less: Accumulated depreciation | <u>72,747</u> | <u>53,251</u> |
| Total fixed assets | 123,821 | 98,018 |
| Other Assets: | | |
| Investment Pax JBO | 52,284 | 52,284 |
| Rent security | <u>12,049</u> | <u>12,049</u> |
| Total other assets | 64,333 | 64,333 |
| TOTAL ASSETS | <u>\$43,252,361</u> | <u>\$43,364,691</u> |
| LIABILITIES AND PARTNERS' CAPITAL | | |
| LIABILITIES: | | |
| Accounts payable | \$ 2,192 | \$ -0- |
| Accrued expenses | 918,401 | 596,298 |
| Dividend payable | 273,590 | 285,020 |
| Interest payable | 220,724 | 110,316 |
| Demand note | 45,660 | 43,818 |
| Capital withdrawal payable | <u>395,000</u> | <u>-0-</u> |
| Total current liabilities | 1,855,567 | 1,035,452 |
| Loans payable | <u>11,000,000</u> | <u>20,000,000</u> |
| TOTAL LIABILITIES | 12,855,567 | 21,035,452 |
| MEMBERS' CAPITAL | <u>30,396,794</u> | <u>22,329,239</u> |
| TOTAL LIABILITIES AND MEMBERS' CAPITAL | <u>\$43,252,361</u> | <u>\$43,364,691</u> |

See accompanying notes.

GARGOYLE STRATEGIC INVESTMENTS L.L.C.
COMPARATIVE STATEMENTS OF OPERATIONS
Years Ended December 31st

| | 2003 | 2002 |
|--------------------------------|--------------------------------|--------------------------------|
| INCOME: | | |
| Trading profits | \$18,684,404 | \$12,923,892 |
| Interests | 28,096 | 341,357 |
| WTC Grant | -0- | 252,436 |
| Dividends | <u>1,226</u> | <u>2,358</u> |
| Total income | <u>18,713,726</u> | <u>13,520,043</u> |
| OPERATING EXPENSES: | | |
| Clearance charges | 3,500,124 | 4,512,673 |
| Brokers' fee | 3,669,725 | 4,487,202 |
| Payroll | 1,133,262 | 1,101,361 |
| Information services | 254,502 | 231,153 |
| Seat leases | 56,820 | 201,851 |
| Office | 106,387 | 127,966 |
| Payroll and related taxes | 59,463 | 104,676 |
| Dividends | -0- | 104,235 |
| Employee benefits | 86,093 | 164,790 |
| Stock exchange & order expense | 112,223 | 103,367 |
| Professional Fees | 30,051 | 51,150 |
| Guaranteed payments | 31,925 | 61,761 |
| Misc. expense & receipts | <u>82,161</u> | <u>(20,038)</u> |
| Total expenses | 9,122,736 | 11,232,147 |
| NET INCOME (LOSS) | <u>\$ 9,590,990</u> | <u>\$ 2,287,896</u> |

See accompanying notes.

GARGOYLE STRATEGIC INVESTMENTS, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Income: 9,590,990

Changes in operating assets and liabilities:

| | |
|--|-----------------|
| Decrease in securities owned at market | 155,279 |
| (Increase) in receivables | (197,448) |
| Increase in accrued expenses | 820,115 |
| (Increase) in fixed assets | <u>(45,299)</u> |

Total adjustments 732,647

NET CASH PROVIDED BY OPERATING ACTIVITIES 10,323,637

CASH FLOWS FROM FINANCING ACTIVITIES:

| | |
|-----------------------------------|-------------|
| Capital contributions | 10,000 |
| Capital withdrawals | (1,533,435) |
| Sub-loan payments | (9,000,000) |
| Increase in depreciation expenses | 19,496 |

CASH PROVIDED BY FINANCING ACTIVITIES: (10,503,939)

NET (DECREASE) IN CASH (180,302.00)

CASH

Beginning of year 239,346

End of year 59,044

GARGOYLE STRATEGIC INVESTMENTS L.L.C.
COMPARATIVE STATEMENTS OF CHANGES IN MEMBERS' CAPITAL
Years Ended December 31st

| | 2003 | 2002 |
|------------------------|---------------------|---------------------|
| OPENING CAPITAL | \$22,329,239 | \$21,469,237 |
| Capital contributed | 10,000 | 1,000,000 |
| Capital redemption | (1,533,435) | (2,427,894) |
| Net income (loss) | <u>9,590,990</u> | <u>2,287,896</u> |
| ENDING CAPITAL | <u>\$30,396,794</u> | <u>\$22,329,239</u> |

See accompanying notes.

GARGOYLE STRATEGIC INVESTMENTS L.L.C.
FINANCIAL HIGHLIGHTS
Years Ended December 31st

| For Average Assets during the years ended December 31 st | 2003 | 2002 |
|--|--------------|--------------|
| Net Asset Value, Beginning of Period | \$22,329,242 | \$25,744,107 |
| Income from Investment Operations: | | |
| Net gains/(losses) on securities (both realized and unrealized) as a percentage of Average Net Assets | 70.985% | 56.247% |
| Total from Investment Operations | 70.985% | 56.247% |
| Net Asset Value, End of Period | \$30,396,794 | \$22,329,242 |
| Total Return | 36.381% | 9.518% |
| Average Net Assets for the Period | \$26,363,018 | \$24,036,673 |
| Ratio of Gross Expenses to Average Net Assets | 34.604% | 46.729% |

GARGOYLE STRATEGIC INVESTMENTS L.L.C.
NOTES TO FINANCIAL STATEMENTS

Note 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Description of the Company

Gargoyle Strategic Investments L.L.C. ("Company") is a New Jersey limited liability company that operates as an investment vehicle. Although the Company is authorized to trade a substantially unrestricted range of instruments, the Company focuses its trading on publicly-traded put and call options on equities and equity indexes and the equities or equity indexes underlying such options.

Generally accepted accounting principles requires a condensed schedule of investments which would include the categorizing of investments by type, geographic location, and industry and reporting percentages of net assets by category. The Managing Member has declined to present this schedule since it feels that the information is proprietary.

B. Method of Reporting

The Company's financial statements are presented in accordance with generally accepted accounting principles. Gains or losses are recognized by closing positions on a mark-to-market basis.

C. Brokerage Expenses

The Company will bear all expenses arising out of transactions executed, including brokerage commissions. Marketable assets of the Company are kept in the custody of U.S. brokerage firms and banks selected by the Managing Member. The Managing Member is under no obligation to deal with any particular broker or group of brokers, and trade orders by the Company may be placed with a number of brokers and dealers. The Managing Member may choose to retain a "prime" broker, but may replace such prime broker or retain additional brokers in the future. The Managing Member will be responsible for placing the Company's brokerage business and selecting broker/dealers. The Managing Member may consider all relevant factors including, but not limited to, the quality and timeliness of its transaction reporting, the execution capabilities required by the transactions and the importance of speed, efficiency or confidentiality.

GARGOYLE STRATEGIC INVESTMENTS L.L.C.
NOTES TO FINANCIAL STATEMENTS

D. Income Taxes

The Company prepares calendar year U.S. and state information tax returns and reports to the investors their allocable shares of the Company's income, expenses and trading gains or losses.

E. Custody Concentrations

Broker balances consist principally of brokerage accounts with Pax Clearing Corp.

The Company owns \$50,000.00 of preferred stock with Pax Clearing Corp. This allows the company to receive a preferential rate on all security transactions.

F. Subordinated Debt

The Company has various subordinated loans with Pax Clearing Corp. with various maturity dates. These funds are not restricted and the money may be used by the Company for any investment purpose.

Note 2. THE MANAGING MEMBER

For the period January 1, 2002 through June 30, 2002, the Managing Members of the Company were Charles Goodgal, Phillip S. Martin, Joshua B. Parker, Bruce T. Rogoff and Alan L. Salzbank. Effective July 1, 2002, the Company's Managing Member is Gargoyle International Management L.P., (the "Managing Member"). The Managing Member is a New Jersey limited partnership, the general partner of which is Gargoyle Services L.L.C., a New Jersey limited liability company. The sole members of Gargoyle Services L.L.C. are Charles Goodgal, Phillip S. Martin, Joshua B. Parker, Bruce T. Rogoff and Alan L. Salzbank. The Managing Member has complete responsibility and authority for all aspects of the Company's business and authority for all aspects of the Company's business and operations, and has full discretionary investment management authority of the Company.

Note 3. INCENTIVE ALLOCATION

The Managing Members' Capital Account in the Company were, in the aggregate, specifically allocated an amount (the "Incentive Allocation") equal to seventy percent (70%) of New Trading Profits (as defined) experienced on the Net Assets in each Member's Capital Account during the period January 1, 2002 through June 30, 2002.

GARGOYLE STRATEGIC INVESTMENTS L.L.C.
NOTES TO FINANCIAL STATEMENTS

Effective July 1, 2002, the Company's Investing Members exchanged their limited liability company interests in the Company for limited partnership interests in Gargoyle International Holdings L.P., a New Jersey limited partnership. Effective July 1, 2002, Gargoyle International Holdings L.P. is the sole Investing Member of Gargoyle Strategic Investments L.L.C. as well as the sole investing partner of Gargoyle International L.L.P., an English limited liability company formed for the purpose of trading equity and equity index options on the Eurex, the European electronic options exchange. As part of the restructuring, Gargoyle International Holdings L.P. will not have an Incentive Allocation charged against its Capital Account. Individual investors, however, will have an incentive allocation of sixty-five percent (65%) charged against their Capital Accounts in Gargoyle International Holdings L.P. based upon the combined results of the operations of the Company and Gargoyle International L.L.P.

Note 4. SECURITY AND EXCHANGE COMMISSION REQUIRED

In reviewing the computation of Net Capital and the broker-dealer's corresponding Unaudited FOCUS Report Part IIA, no material differences existed.

In regard to the Statement of Changes in Liabilities Subordinated to General Creditors, a repayment of \$9 million occurred during the year.

SEC Rule 15c3-3 Reserve and Possession and Control Requirements does not apply.

In reviewing internal controls, no material inadequacies existed.