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

FACING PAGE

PROCESSED

JUL 23 2003

**THOMSON
FINANCIAL**

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 12/29/01 AND ENDING 12/27/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:
FAM Distributors, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

800 Scudders Mill Road

(No. and Street)

Plainsboro,
(City)

New Jersey
(State)

08536
(Zip Code)

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

Thomas Gordon

(609) 282 - 0551
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Deloitte & Touche LLP

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

Two World Financial Center
(Address)

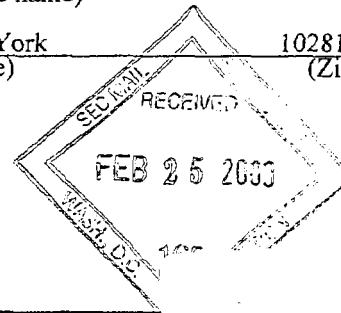
New York
(City)

New York
(State)

10281
(Zip Code)

CHECK ONE:

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



FOR OFFICIAL USE ONLY

*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).

FAM DISTRIBUTORS, INC.

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This report contains (check all applicable boxes):

	Report of Independent Auditors	
<input checked="" type="checkbox"/>	(a) Facing Page.	
<input checked="" type="checkbox"/>	(b) Balance Sheet.	2
<input checked="" type="checkbox"/>	(c) Statement of Operations.	3
<input checked="" type="checkbox"/>	(e) Statement of Changes in Stockholder's Equity.	4
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<input type="checkbox"/>	(f) Statement of Changes in Liabilities Subordinated to Claims of General Creditors.	
<input checked="" type="checkbox"/>	(g) Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934.	9
<input type="checkbox"/>	(h) Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.	
<input type="checkbox"/>	(i) Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.	
<input type="checkbox"/>	(j) A Reconciliation, Including Appropriate Explanations, 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.	
<input type="checkbox"/>	(k) A Reconciliation Between the Audited and Unaudited Balance Sheets with Respect to Methods of Consolidation.	
<input checked="" type="checkbox"/>	(l) An Oath or Affirmation.	
<input type="checkbox"/>	(m) Copy of the SIPC Supplemental Report.	
<input checked="" type="checkbox"/>	(n) Supplemental Report on Internal Control (A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.)	
<input type="checkbox"/>	(o) Schedule of Segregation Requirements and Funds in Segregation - Customers' Regulated Commodity Futures Account Pursuant to Rule 171-5.	

See also PUBLIC report filed simultaneously herewith which contains:

Balance Sheet

Supplemental Report on Internal Control

AFFIRMATION

I, Robert Harris, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedule pertaining to FAM Distributors, Inc. (the "Company") for the year ended December 27, 2002, are true and correct. I further affirm that neither the Company nor any partner or officer has any proprietary interest in any account classified solely as that of a customer.

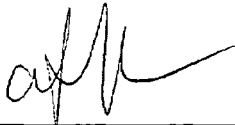


Signature

Secretary

Title

Sworn before me this 6th day
of February, 2003:



Notary Public

ANTHONY LAQUIDARA
Notary Public, State of New Jersey
Commission Expires March 30, 2004

FAM DISTRIBUTORS, INC.

BALANCE SHEET DECEMBER 27, 2002

ASSETS

CASH AND CASH EQUIVALENTS, including marketable securities of \$836,645	\$ 873,405
INVESTMENTS IN AFFILIATED INVESTMENT COMPANIES - at fair value (cost \$339,976)	268,612
OTHER ASSETS	<u>70,652</u>
TOTAL ASSETS	<u>\$1,212,669</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES:

Payable to Merrill Lynch Investment Managers, LP	<u>834,528</u>
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CONTINGENCIES (Note 6)

STOCKHOLDER'S EQUITY:

Common stock, par value \$1.00 per share - authorized 1,000 shares; issued and outstanding, 100 shares	100
Additional paid-in capital	310,900
Retained earnings	<u>67,141</u>

Total stockholder's equity	<u>378,141</u>
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TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$1,212,669</u>
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See notes to financial statements.