FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2001-08-03** | Period of Report: **2001-06-30**
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FILER

DETWILER MITCHELL & CO

CIK:**746425**| IRS No.: **952627415** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-10331** | Film No.: **1697271**

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER: 0-12926

DETWILER, MITCHELL & CO.
(Exact name of registrant as specified in its charter)

DELAWARE	95-2627415
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

225 FRANKLIN STREET BOSTON, MA	02110
(Address of principal executive offices)	(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: 617-451-0100

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of July 31, 2001, the registrant had 2,602,313 shares of common stock, $0.01 par value, issued and outstanding.

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DETWILER, MITCHELL & CO.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DETWILER, MITCHELL & CO.

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

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	JUNE 30, 2001 (unaudited)	DECEMBER 31, 2000
ASSETS		
<s>	<c>	<c>
Cash and cash equivalents	$ 1,281,557	$ 2,737,434
Deposits with clearing organizations	748,604	415,194
Receivables from brokers, dealers and clearing organizations	153,357	535,836
Due from customers	2,980,668	3,598,699
Securities borrowed	1,007,200	3,279,900
Marketable investments, at fair value	298,096	15,681
Non-marketable investments, at fair value	564,545	510,000
Fixed assets, net	573,568	437,850
Intangible assets, net	1,606,885	123,385
Other	2,092,875	1,688,817

Total Assets	$11,307,355	$13,342,796
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Notes payable	$ 800,000	$ -
Payable to brokers, dealers and clearing organizations	-	117,811
Due to customers	1,470,095	4,035,739
Salaries and commissions payable	1,174,861	1,329,837
Accounts payable and accrued liabilities	1,244,272	1,300,947
Total Liabilities	4,689,228	6,784,334
Contingencies (Note 5)		
Stockholders' Equity:		
Preferred stock, no par value; 5,000,000 shares authorized, none issued	-	-
Common stock, $0.01 par value; 20,000,000 shares authorized, 2,602,313 and 2,589,313 shares outstanding at June 30, 2001 and December 31, 2000, respectively	26,023	25,893
Paid-in-capital	4,679,487	4,655,273
Retained earnings	1,912,617	1,877,296
Total Stockholders' Equity	6,618,127	6,558,462
Total Liabilities and Stockholders' Equity	$11,307,355	$13,342,796

See Accompanying Notes to Consolidated Financial Statements.

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DETWILER, MITCHELL & CO.

CONSOLIDATED STATEMENT OF OPERATIONS

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	FOR THE THREE MONTHS ENDED JUNE 30,		FOR THE SIX MONTHS ENDED JUNE 30,	
	2001	2000	2001	2000
	(unaudited)			
<s>	<c>	<c>	<c>	<c>
REVENUES				
Commissions	$ 3,654,863	$ 2,716,230	$ 7,556,609	$ 5,693,099
Principal transactions	959,190	1,158,663	3,255,076	3,167,445
Investment banking	451,783	173,923	520,611	699,342
Gain on sale of investment securities	-	83,050	-	83,050
Interest	89,493	239,846	201,711	516,712
Other	92,734	113,552	194,490	251,135
Total revenues	5,248,063	4,485,264	11,728,497	10,410,783

EXPENSES				
Compensation and benefits	3,341,604	2,552,492	7,177,514	6,155,078
General and administrative	631,970	569,323	1,270,779	1,311,827
Execution costs	1,059,136	548,687	2,477,882	992,159
Occupancy, communications and systems	354,898	285,406	675,347	555,678
Interest	6,585	79,864	25,902	170,353
Amortization of intangibles	19,500	1,500	39,000	3,000
Impairment of non-marketable securities	-	-	-	500,000
Total expenses	5,413,693	4,037,272	11,666,424	9,688,095
Income (loss) before income taxes	(165,630)	447,992	62,073	722,688
Income tax (expense) benefit	61,464	(233,691)	(26,752)	(343,536)
Net income (loss)	$ (104,166)	$ 214,301	$ 35,321	$ 379,152
NET INCOME (LOSS) PER SHARE:				
Basic	$ (0.04)	$ 0.07	$ 0.01	$ 0.12
Diluted	$ (0.04)	$ 0.07	$ 0.01	$ 0.12
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	2,602,313	3,080,618	2,605,730	3,137,966
Diluted	2,608,751	3,080,618	2,628,267	3,154,266

See Accompanying Notes to Consolidated Financial Statements.

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DETWILER, MITCHELL & CO.
CONSOLIDATED STATEMENT OF CASH FLOWS

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<s>	FOR THE SIX MONTHS ENDED JUNE 30, 2001 <c>	2000 (Unaudited) <c>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 35,321	$ 379,152
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	78,927	112,376
Impairment of non-marketable investment	-	500,000
Amortization of intangibles	39,000	3,000
Changes in:		
Deposits with clearing organizations	(333,410)	(75,216)
Receivables from brokers, dealers and clearing organizations	382,479	1,017,757
Due from customers	618,031	5,308,518
Securities borrowed	2,272,700	(3,143,600)
Other assets	(364,058)	442,853
Payables to brokers, dealers and clearing organizations	(117,811)	-
Due to customers	(2,565,644)	(64,210)
Salaries and commissions payable	(154,976)	-

Accounts payable and accrued liabilities	(56,675)	(633,526)
Net cash provided by (used in) operating activities	(166,116)	3,847,104
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of K&S, net of cash acquired	(1,200,000)	-
Purchase of marketable investments	(282,415)	-
Purchase of non-marketable investments	(54,545)	(432,135)
Capital expenditures	(214,645)	(142,505)
Net cash used in investing activities	(1,751,605)	(574,640)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (decrease) in notes payable	500,000	(2,300,000)
Proceeds from exercise of common stock options	-	15,000
Purchase and retirement of common stock	(38,156)	(1,404,062)
Net cash provided by (used in) financing activities	461,844	(3,689,062)
Net decrease in cash	(1,455,877)	(416,598)
Cash and cash equivalents at beginning of period	2,737,434	1,272,826
Cash and cash equivalents at end of period	$ 1,281,557	$ 856,228
CASH PAYMENTS:		
Interest expense	$ 7,306	$ 170,353
Income taxes	$ 424,398	$ 2,500
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Increase in other assets	$ 40,000	$ -
Increase in intangible assets	$ 22,500	$ -
Increase in notes payable	$ 300,000	$ -
Increase in common stock	$ 250	$ -
Increase in paid-in-capital	$ 62,250	$ -

See Accompanying Notes to Consolidated Financial Statements

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DETWILER, MITCHELL & CO.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION

Detwiler, Mitchell & Co. is the holding company for its four principal operating subsidiaries, Fechtor, Detwiler & Co., Inc., an investment banking, merchant banking and brokerage company headquartered in Boston, MA; K. & S., Inc. ("K&S"), a specialist firm with operations on the Boston Stock Exchange; James Mitchell & Co., a financial services company located in San Diego, CA; and Detwiler, Mitchell & Co. (UK) Limited ("DMC UK") headquartered in

London, England. On March 26, 2001, the Company's stockholders approved the change of the name of the Company to Detwiler, Mitchell & Co. from Fechtor, Detwiler, Mitchell & Co.

The Company acquired K&S effective January 1, 2001. K&S is one of the largest independently owned specialist operations on the Boston Stock Exchange and was formed 23 years ago.

DMC UK commenced operations on July 30, 2001 and conducts institutional sales and investment banking operations throughout the UK and Europe. Employees of DMC UK have significant international investment experience and specialize in providing research on fuel cell technology companies.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The consolidated financial statements of Detwiler, Mitchell & Co. have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission and generally accepted accounting principles. In the opinion of management, all adjustments, consisting only of normal recurring accruals, have been made to present fairly the financial statements of the Company.

Principles of Consolidation - The consolidated financial statements of Detwiler, Mitchell & Co. include the accounts of its wholly owned subsidiaries. All material intercompany transactions have been eliminated in consolidation.

Marketable and Non-Marketable Investments - The Company may receive, as additional consideration for the performance of investment banking services, warrants to acquire an equity interest in firms or may lend to or make direct equity investments in companies through its merchant banking activities. Marketable and non-marketable investments are recorded at fair value and result in the recognition of future unrealized gains or losses due to changes in their fair value. Realized gains and losses are recognized when the investment is sold.

Fair Value of Other Financial Instruments - The carrying amount of receivables, payables, and securities owned and securities sold, not yet purchased are reported in the statement of financial condition at fair value.

Securities Transactions - Proprietary securities transactions in regular way trades are recorded on the settlement date (normally the third business day following the trade date) which is not materially different from the trade date. Securities transactions for customers are reported on the settlement date. Commission revenues and expenses are recorded on the trade date.

Principal Transactions - Principal transactions revenues primarily represent amounts earned from executing transactions on behalf of customers in securities for which the Company acts as a market maker.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes - Income tax liabilities or assets are recorded through charges or credits to the current tax provision for the estimated taxes payable or refundable for the current year. Deferred tax assets and liabilities are recorded for future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates. A deferred tax valuation allowance is established if it is more likely than not that all or a portion of the deferred tax assets will not be realized.

Cash Equivalents - Cash equivalents include instruments with an original maturity of three months or less.

Net Capital Requirements - Certain subsidiaries of the Company are subject to broker-dealer net capital requirements. At June 30, 2001, each broker-dealer subsidiary was in compliance with its net capital requirement.

Use of Estimates - The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the accompanying financial statements. Actual results could vary from the estimates that were used.

NOTE 3. EARNINGS PER SHARE

Basic and diluted net income (loss) per share and weighted average shares outstanding follows:

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	FOR THE THREE MONTHS ENDED JUNE 30,		FOR THE SIX MONTHS ENDED JUNE 30,	
	2001	2000	2001	2000
<s>	<c>	<c>	<c>	<c>
Net income (loss)	$ (104,166)	$ 214,301	$ 35,321	$ 379,152
Net income (loss) per share:				
Basic	$ (0.04)	$ 0.07	$ 0.01	$ 0.12
Diluted	$ (0.04)	$ 0.07	$ 0.01	$ 0.12
Weighted average shares outstanding:				
Basic	2,602,313	3,080,618	2,605,730	3,137,966
Incremental shares assumed outstanding from exercise of stock options	6,438	-	22,537	16,300
Diluted	2,608,751	3,080,618	2,628,267	3,154,266

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NOTE 4. NON-MARKETABLE INVESTMENTS

The Company wrote-down its investment in OptiMark by $500,000, $250,000 and $250,000 in the first, third and fourth quarters of 2000, respectively, resulting from information received in the respective quarters indicating impairment in the value of the OptiMark investment.

NOTE 5. CONTINGENCIES

The Company, from time to time, is subject to legal proceedings and claims which arise in the ordinary course of its business. Management believes that resolution of these matters will not have a material adverse effect on the Company's results of operations or financial condition.

NOTE 6. STOCKHOLDERS' EQUITY

On March 26, 2001, the Company's stockholders approved a one-for-four reverse split of its outstanding common shares reducing the number of shares outstanding to approximately 2,602,313 shares. Accordingly, common shares outstanding and per share data have been retroactively adjusted to reflect the reverse split.

NOTE 7. ACQUISITION OF K. & S., INC.

The Company acquired K&S effective January 1, 2001. K&S is one of the largest independently owned specialist operations on the Boston Stock Exchange and was formed 23 years ago. Revenues for the three and six months ended June 30, 2001 include $393,000 and $1,397,000, respectively, of principal transactions from the operations of K&S. If the acquisition had been in effect at January 1, 2000, the Company's pro forma revenues for the three and six months ended June 30, 2000 would have increased by $1,088,000 and $2,207,000, respectively from those recorded in the Consolidated Statement of Operations for the respective period.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

Detwiler, Mitchell & Co. is the holding company for its four principal operating subsidiaries, Fechtor, Detwiler & Co., Inc., an investment banking, merchant banking and brokerage company headquartered in Boston, MA; K. & S., Inc. ("K&S"), a specialist firm with operations on the Boston Stock Exchange; James Mitchell & Co., a financial services company located in San Diego, CA; and Detwiler, Mitchell & Co. (UK) Limited ("DMC UK") headquartered in London, England.

The Company acquired K&S effective January 1, 2001. K&S is one of the largest independently owned specialist operations on the Boston Stock Exchange and was formed 23 years ago.

DMC UK commenced operations on July 30, 2001 and conducts institutional sales and investment banking operations throughout the UK and Europe. Employees of DMC UK have significant international investment experience and specialize in providing research on fuel cell technology companies.

On March 26, 2001, the Company's stockholders approved the change of the Company's name to Detwiler, Mitchell & Co. from Fechtor, Detwiler, Mitchell & Co. and a one-for-four reverse split of the Company's common stock reducing the outstanding shares to approximately 2,602,313 shares from 10,409,251 shares. The outstanding shares and earning per share data previously reported have been retroactively adjusted.

STATEMENT OF OPERATIONS FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2001 COMPARED TO THE THREE MONTH PERIOD ENDED JUNE 30, 2000

Net loss of $104,000 or $0.04 per share - basic and diluted, on 2.6 million diluted weighted average shares outstanding, for the three months ended June 30, 2001 compared to net income of $214,000 or $0.07 per share - basic and diluted, on 3.1 million basic and diluted weighted average shares outstanding, for the quarter ended June 30, 2000.

Total revenues for the quarter ended June 30, 2001 were $5,248,000, an increase of $763,000 or 17%, compared to $4,485,000 for the same period in 2000. The increase primarily results from commissions on higher institutional sales at Fechtor Detwiler and principal transaction revenues from the acquisition of K&S, partially offset by lower principal transaction revenues at Fechtor Detwiler.

Commission revenues for the quarter ended June 30, 2001 were $3,655,000, an increase of $939,000 compared to the same period last year primarily due to higher institutional sales commissions partially offset by lower retail sales commissions due to market conditions.

Principal transaction revenues for the quarter ended June 30, 2001 were $959,000, a decrease of $200,000 compared to the same period last year. The decrease results from lower principal transaction revenues at Fechtor Detwiler due to market conditions partially offset by K&S.

Investment banking revenues for the quarter ended June 30, 2001 increased $278,000 compared to the same period last year due to the closing of a significant investment banking transaction during the second quarter of 2001.

Interest income of $89,000 decreased $150,000 compared to the same period last year due to significantly reduced customer margin account balances.

Compensation and benefits expense of $3,342,000 for the quarter ended June 30, 2001 increased $789,000 compared to the same period last year due to the increase in transaction based revenues discussed above and compensation and benefits expense at DMC UK and K&S.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

STATEMENT OF OPERATIONS FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2001 COMPARED TO THE THREE MONTH PERIOD ENDED JUNE 30, 2000 (CONTINUED)

Execution costs of $1,059,000 for the quarter ended June 30, 2001 increased $510,000 compared to the same period last year due primarily to costs paid to other broker-dealers to complete increased transaction-based commission revenues as well as execution costs at K&S.

General and administrative expense of $632,000 for the quarter ended June 30, 2001 increased $63,000 compared to the same period last year due primarily to DMC UK and K&S.

Occupancy and systems expense of $355,000 increased $69,000 compared to the same period last year due primarily to costs at DMC UK and K&S as well as trading system enhancements at Fechtor Detwiler.

Interest expense of $7,000 for the quarter ended June 30, 2001 decreased $73,000 compared to the same period last year due to lower average notes payable balances from significantly reduced customer margin accounts.

STATEMENT OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2001 COMPARED TO THE SIX MONTHS ENDED JUNE 30, 2000

Net income of $35,000, $0.01 per share - basic and diluted on 2.6 million weighted average shares outstanding, for the six months ended June 30, 2001 compared to net income of $379,000, $0.12 per share - basic and diluted on 3.2 million diluted weighted average shares outstanding, for the six months ended June 30, 2000.

Total revenues for the six months ended June 30, 2001 were $11,728,000, an increase of $1,317,000 or 13%, compared to $10,411,000 for the same period last year. The increase primarily results from commissions on higher institutional sales at Fechtor Detwiler and principal transaction revenues from the acquisition of K&S, partially offset by lower principal transaction revenues at Fechtor Detwiler.

Principal transaction revenues for the six months ended June 30, 2001 were $3,255,000, an increase of $88,000 compared to the same period last year. The increase results from trading profits at K&S substantially offset by lower principal transaction revenues at Fechtor Detwiler.

Investment banking revenues for the six months ended June 30, 2001 decreased $179,000 compared to the same period last year due to higher investment banking transactions during the first quarter of 2000.

Interest income of $202,000 decreased $315,000 compared to the same period last year due to significantly reduced customer margin account balances.

Compensation and benefits expense of $7,178,000 for the six months ended June 30, 2001 increased $1,022,000 compared to the same period last year primarily due to the increase in transaction based revenues discussed above and compensation and benefits expense at DMC UK and K&S.

Occupancy and systems expense of $675,000 increased $120,000 compared to the same period last year due primarily to costs at DMC UK and K&S as well as trading system enhancements at Fechtor Detwiler.

Interest expense of $26,000 for the six months ended June 30, 2001 decreased $144,000 from the same period last year primarily due to lower average notes payable balances and interest rates.

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STATEMENT OF INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2001 COMPARED TO THE SIX MONTHS ENDED JUNE 30, 2000 (CONTINUED)

On May 9, 2000, the Company obtained a May 1, 2000 Securities and Exchange Commission filing of OptiMark Technologies, Inc. ("OptiMark") which disclosed information questioning OptiMark's ability to continue as a going concern. Accordingly, the Company wrote-down its investment in OptiMark by $500,000, or 50%, representing a net adjustment of $300,000 after income tax benefit.

CAPITAL RESOURCES AND LIQUIDITY

The Company finances its activities primarily from cash generated by operations, borrowings from its lines of credit and stockholders' equity.

Cash and cash equivalents at June 30, 2001 of $1,282,000 decreased $1,456,000 from December 31, 2000 primarily the result of the $1.2 million payment for the K&S acquisition. The acquisition of K&S was also funded with 25,000 shares of common stock valued at $62,500 and a note payable of $300,000.

Fechtor Detwiler has two revolving line of credit facilities. Maximum borrowings under the combined credit facilities is $15,000,000 and each facility is due on demand. Borrowing under the line of credit totaled $500,000 at June 30, 2001.

DMC UK received approval to operate in the UK on July 30, 2001. Accordingly, its investment banking and research production activities have commenced. Year-to-date 2001 results includes $330,000 in total expenses during the startup phase of the UK operations.

RECENT ACCOUNTING DEVELOPMENTS

In July 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Intangible Assets." SFAS No. 141 requires that all business combinations initiated after June 30, 2001 be accounted for using the purchase method of accounting, and prohibits the use of the pooling-of-interests method for such transactions. The new standard also requires identified intangible assets acquired in a business combination to be recognized as an asset apart from goodwill if they meet certain criteria.

SFAS No. 142 applies to all goodwill and identified intangible assets acquired in a business combination. Under the new standard, all goodwill, including that acquired before initial application of the standard, should not be amortized but should be tested for impairment at least annually. Identified intangible assets should be amortized over their useful lives and reviewed for impairment in accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." Within six months of initial application of the new standard, a transitional impairment test must be performed on all goodwill. Any impairment loss recognized as a result of the transitional impairment test should be reported as a change in accounting principle. In addition to the transitional impairment test, the required annual impairment test should be performed in the year of adoption of the standard.

The new standard is effective for fiscal years beginning after December 15, 2001, and must be adopted as of the beginning of a fiscal year. Retroactive application is not permitted. The Company will adopt the new standard on January 1, 2002, and is currently evaluating the potential impact of the standard on its financial position and results of operations.

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CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT

Any statements in this report that are not historical facts are intended to fall within the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. These statements may be identified by such forward-looking terminology as "expect", "look", "believe", "anticipate", "may", "will" or similar statements or variations of such terms. Any forward-looking statements should be considered in light of the risks and uncertainties associated with the Company and its businesses, economic and market conditions prevailing from time to time, and the application and interpretation of Federal and state tax laws and regulations, all of which are subject to material changes and which may cause actual results to vary materially from what had been anticipated. Certain factors that affect the Company and include conditions affecting revenues, reliance on key personnel, competition, and regulatory and legal matters.

Conditions Affecting Revenues. Revenues, cash flows and earnings of the Company may be adversely affected by volatility in the financial markets and fluctuating economic and political conditions which could produce lower commissions, and lower trading or investment banking revenues, or by a decline in client account balances resulting from changing industry or economic conditions or the performance of the capital markets.

Reliance on Key Personnel. The departure of key personnel, such as skilled institutional and retail brokers, traders, research analysts or employees responsible for significant client relationships, could have a material adverse effect on the results of operations of the Company.

Competition. The Company may experience losses in client account balances due to the highly competitive nature of its business, the performance of client accounts compared to the performance of the market generally, the abilities and reputations of the Company and its ability to attract new client accounts and retain existing client relationships and changes in the brokerage business such as the growth of internet security trading and information availability.

Regulatory and Legal Factors. The Company's business may be affected by developments or changes in the regulation, legal proceedings and claims arising from the conduct of its businesses.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not Applicable.

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PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

a.) Exhibits.

The following Exhibits are filed herewith:

99.1 On July 31, 2001, the Company issued a press release reporting the approval by UK regulators of the operations of Detwiler, Mitchell & Co. (UK) Limited.

99.2 On August 2, 2001, the Company issued a press release containing its earnings for the second quarter ending June 30, 2001.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

/s/ Detwiler, Mitchell & Co.

Registrant

August 3, 2001	/s/ JAMES K. MITCHELL
Date	James K. Mitchell Chairman and Chief Executive Officer
August 3, 2001	/s/ STEPHEN D. MARTINO
Date	Stephen D. Martino Chief Financial Officer and Principal Accounting Officer

EXHIBIT 99.1

NEWS RELEASE DMC

CONTACTS: JAMES K. MITCHELL
CHAIRMAN AND CEO
(858) 450-0055

GEORGE SIMPKINS
PRESIDENT DMC UK
011 44 207 375 9000

DETWILER, MITCHELL & CO. BEGINS LONDON INVESTMENT BANKING OPERATIONS

BOSTON, MA; LONDON, UK; (July 31, 2001) - Detwiler, Mitchell & Co. (NASDAQ: DMCO; PCX: DEM) today announced Detwiler, Mitchell & Co. (UK) Limited, its newly-formed London, England subsidiary, is operational and will immediately begin its investment banking and institutional sales activities. Detwiler, Mitchell & Co. (UK) Limited focuses upon technology and alternative energy firms including fuel cell companies. The Company's distribution network will include the United Kingdom and Europe.

"While the process of obtaining regulatory approval was more time consuming than initially anticipated, we are enthusiastic about the revenue and distribution opportunities of our new UK firm," said James Mitchell, Chairman and CEO of DMC. "George Simpkins, the firm's President and Managing Director, brings significant distribution capabilities. His expertise is well regarded in the technology and fuel cell industries. His team will significantly broaden and complement the products, services and distribution capabilities of Detwiler, Mitchell & Co."

"We are pleased to complete the regulatory approval process," said George Simpkins, President and Managing Director of DMC UK. "It is a pleasure to say that our offices at 117 Houndsditch in London are open. Our clients have been anxiously awaiting our licensing and we can now work with our colleagues and their clients at Detwiler Mitchell. We believe our international distribution combined with the channel research products of Detwiler Mitchell can significantly impact the revenues and profit potential of the Company."

Detwiler, Mitchell & Co. ("DMC") is the holding company for its four principal operating subsidiaries: Fechtor, Detwiler & Co., Inc., an investment banking, merchant banking and brokerage company headquartered in Boston, MA; K. & S., Inc., a specialist firm with operations on the Boston Stock Exchange; James Mitchell

& Co., a financial services company located in San Diego, CA and Detwiler, Mitchell & Co. (UK) Limited, an investment banking and institutional sales firm located in London, UK.

[DMC LOGO]
Detwiler, Mitchell & Co.
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Cautionary Statement Regarding Forward-Looking Statements: Certain statements in this news release may contain forward-looking statements within the meaning of the Federal securities laws. Such statements should be considered in light of the risks and uncertainties associated with Detwiler, Mitchell & Co. and its operating subsidiaries, including those economic and market risks contained in the Company's Annual Report on Form 10-K, and other risks prevailing from time to time; all of which are subject to material changes and may cause actual results to vary materially from what had been anticipated.

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EXHIBIT 99.2

NEWS RELEASE DMC

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CHAIRMAN AND CEO CHIEF FINANCIAL OFFICER
(858) 450-0055 (617) 747-0154

DETWILER, MITCHELL & CO. REPORTS SECOND QUARTER 2001 RESULTS

BOSTON, MA (August 2, 2001) - Detwiler, Mitchell & Co. (NASDAQ: DMCO; PCX: DEM) today reported net loss for the three months ended June 30, 2001 of $104,000, or $0.04 per share - basic and diluted, on 2.6 million diluted weighted average shares outstanding. Net income for the three months ended June 30, 2000 was $214,000, or $0.07 per share - basic and diluted, on 3.1 million diluted weighted average shares outstanding.

Net income for the six months ended June 30, 2001 was $35,000, or $0.01 per share - basic and diluted, on 2.6 million diluted weighted average shares outstanding. Net income for the six months ended June 30, 2000 was $379,000, or $0.12 per share - basic and diluted, on 3.2 million diluted weighted average shares outstanding.

Revenues for the three months ended June 30, 2001 were $5,248,000, an increase of $763,000 or 17%, compared to $4,485,000 for the same period in 2000. Revenues for the six months ended June 30, 2001 were $11,728,000, an increase of $1,317,000 or 13%, compared to $10,411,000 for the same period in 2000.

"We have made significant progress during the first half of this year to achieve meaningful cost reductions and build our strategic platforms for the company," said James K. Mitchell, Chairman and CEO. "We established a floor brokerage operation on the Boston Stock Exchange in June which should significantly reduce our execution costs." He continued, "On July 27, 2001, Detwiler, Mitchell (UK) Limited became licensed and we have now opened our London office doors. DMC Financial Services, the independent brokerage division of Fechtor Detwiler, expects to secure shortly a base of financial planners who will offer Fidelity Investment's products and services for their clients. Finally, K & S, Inc., our new specialist firm at the Boston Stock Exchange, is expected to begin trading over forty NASDAQ stocks in September. Each of these initiatives broadens our range of products and services."

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Detwiler, Mitchell & Co. Reports Second Quarter 2001 Results (continued)
August 2, 2001

Andrew Detwiler, President said, "We achieved significant increases in institutional commissions and investment banking revenues at Fechtor Detwiler. However, principal transaction revenue and retail commissions were lower, although still in line with industry trends. Additionally, the costs of establishing the London operation of over $300,000 during the first six months, without the ability to produce revenue prior to receiving our license, had a major impact on the firm. DMC UK is now licensed and open for business."

Detwiler, Mitchell & Co. ("DMC") is the holding company for its four principal operating subsidiaries: Fechtor, Detwiler & Co., Inc., an investment banking, merchant banking and brokerage company headquartered in Boston, MA; K. & S., Inc., a specialist firm with operations on the Boston Stock Exchange; James Mitchell & Co., a financial services company located in San Diego, CA and Detwiler, Mitchell & Co. (UK) Limited, an investment banking and institutional sales firm located in London, UK.

* * * * *

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DETWILER, MITCHELL & CO.

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

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	JUNE 30, 2001	DECEMBER 31, 2000

	(unaudited)	
ASSETS		
<s>	<c>	<c>
Cash and cash equivalents	$ 1,281,557	$ 2,737,434
Deposits with clearing organizations	748,604	415,194
Receivables from brokers, dealers and clearing organizations	153,357	535,836
Due from customers	2,980,668	3,598,699
Securities borrowed	1,007,200	3,279,900
Marketable investments, at fair value	298,096	15,681
Non-marketable investments, at fair value	564,545	510,000
Fixed assets, net	573,568	437,850
Intangible assets, net	1,606,885	123,385
Other	2,092,875	1,688,817
Total Assets	$11,307,355	$13,342,796
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Notes payable	$ 800,000	$ -
Payable to brokers, dealers and clearing organizations	-	117,811
Due to customers	1,470,095	4,035,739
Salaries and commissions payable	1,174,861	1,329,837
Accounts payable and accrued liabilities	1,244,272	1,300,947
Total Liabilities	4,689,228	6,784,334
Contingencies		
Stockholders' Equity:		
Preferred stock, no par value; 5,000,000 shares authorized, none issued	-	-
Common stock, $0.01 par value; 20,000,000 shares authorized, 2,602,313 and 2,589,313 shares outstanding at June 30, 2001 and December 31, 2000, respectively	26,023	25,893
Paid-in-capital	4,679,487	4,655,273
Retained earnings	1,912,617	1,877,296
Total Stockholders' Equity	6,618,127	6,558,462
Total Liabilities and Stockholders' Equity	$11,307,355	$13,342,796

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DETWILER, MITCHELL & CO.

CONSOLIDATED STATEMENT OF OPERATIONS

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	FOR THE THREE MONTHS ENDED JUNE 30,		FOR THE SIX MONTHS ENDED JUNE 30,	
	2001	2000	2001	2000

		(unaudited)		
<s>	<c>	<c>	<c>	<c>
REVENUES				
Commissions	$ 3,654,863	$ 2,716,230	$ 7,556,609	$ 5,693,099
Principal transactions	959,190	1,158,663	3,255,076	3,167,445
Investment banking	451,783	173,923	520,611	699,342
Gain on sale of investment securities	-	83,050	-	83,050
Interest	89,493	239,846	201,711	516,712
Other	92,734	113,552	194,490	251,135
Total revenues	5,248,063	4,485,264	11,728,497	10,410,783
EXPENSES				
Compensation and benefits	3,341,604	2,552,492	7,177,514	6,155,078
General and administrative	631,970	569,323	1,270,779	1,311,827
Execution costs	1,059,136	548,687	2,477,882	992,159
Occupancy, communications and systems	354,898	285,406	675,347	555,678
Interest	6,585	79,864	25,902	170,353
Amortization of intangibles	19,500	1,500	39,000	3,000
Impairment of non-marketable securities	-	-	-	500,000
Total expenses	5,413,693	4,037,272	11,666,424	9,688,095
Income (loss) before income taxes	(165,630)	447,992	62,073	722,688
Income tax (expense) benefit	61,464	(233,691)	(26,752)	(343,536)
Net income (loss)	$ (104,166)	$ 214,301	$ 35,321	$ 379,152
NET INCOME (LOSS) PER SHARE:				
Basic	$ (0.04)	$ 0.07	$ 0.01	$ 0.12
Diluted	$ (0.04)	$ 0.07	$ 0.01	$ 0.12
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	2,602,313	3,080,618	2,605,730	3,137,966
Diluted	2,608,751	3,080,618	2,628,267	3,154,266

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