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

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

FACING PAGE

FEB 12 2002

**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, 2001 AND ENDING December 31, 2001
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Warren G. Towne

OFFICIAL USE ONLY

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

FIRM ID. NO.

595 Sunset Lane

(No. and Street)

Fond du Lac

WI

54935

(City)

(State)

(Zip Code)

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

Warren G. Towne

(920) 921-6595

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Michler Associates

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

104 S. Main Street, Fond du Lac, WI 54935

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

FEB 25 2002

**THOMSON
FINANCIAL**

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).

OATH OR AFFIRMATION

I, Warren G. Towne, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Warren G. Towne, as of December 31, 2001, 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:

None

Warren G. Towne
Signature

Sole Proprietor

Title

Gary P. Wexhewski
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 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 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).

Certification of Exclusion From Membership

TO BE FILED BY A BROKER-DEALER WHO CLAIMS EXCLUSION FROM MEMBERSHIP IN THE SECURITIES INVESTOR PROTECTION CORPORATION ("SIPC") UNDER SECTION 78ccc(a)(2)(A)(ii) OF THE SECURITIES INVESTOR PROTECTION ACT OF 1970 ("SIPA").

Name of Broker-Dealer, address, Designated Examining Authority and 1934 Act registration number:

WARREN G. TOWNE
595 SUNSET LANE
FOND DU LAC, WIS. 54901

Note: If any of the information shown on the mailing label requires correction, please so indicate on the form filed.

Name and telephone number of person to contact respecting this form:

W.G. TOWNE
920-921-6595

certifies that during the year ending December 31, 2001 its business as a broker-dealer is expected to consist exclusively of one or more of the following (check appropriate boxes):

- (i) the distribution of shares of registered open and investment companies or unit investment trusts;
- (ii) the sale of variable annuities;
- (iii) the business of insurance;
- (iv) the business of rendering investment advisory services to one or more registered investment companies or insurance company separate accounts;

and that, therefore, under section 78ccc(a)(2)(A)(ii) of the SIPA it is excluded from membership in SIPC.

State whether during the prior year this organization's business as a broker-dealer consisted exclusively of one or more of items (i) through (iv) above: Yes No (if inapplicable, please explain).

The following bylaw was adopted by the Board of Directors:

Interest on Assessments. If all or any part of an assessment payable under Section 4 of the Act has not been received by the collection agent within 15 days after the due date thereof, the member shall pay, in addition to the amount of the assessment, interest at the rate of 20% per annum of the unpaid portion of the assessment for each day it has been overdue. If any broker or dealer has incorrectly filed a claim for exclusion from membership in the Corporation, such broker or dealer shall pay, in addition to assessments due, interest at the rate of 20% per annum on the unpaid assessment for each day it has not been paid since the date on which it should have been paid.

In the event of any subsequent change in the business of the undersigned broker-dealer that would terminate such broker-dealer's exclusion from membership in SIPC pursuant to section 78ccc(a)(2)(A)(ii) of the SIPA, the undersigned broker-dealer will immediately give SIPC written notice thereof and make payment of all assessments thereafter required under Section 78ddd(c) of the SIPA.

FOR SIPC REVIEWER

Dates: _____
Postmarked Received Reviewed

Complete: _____

Exceptions: _____

Disposition of Exceptions: _____

The broker or dealer submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Dated the 35th day of JANUARY, 20 01

WARREN G. TOWNE
(Name of Corporation, Partnership or other organization)

Warren G. Towne - Sole-Proprietor
(Authorized signature) (Title)

MEMBERS COPY

MICHLER ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

104 SOUTH MAIN STREET

FOND DU LAC, WISCONSIN 54935

PHONE: 922-2920

T. A. MICHLER, CPA
W. M. GRESENZ, CPA

January 25, 2002

United States Securities and Exchange Commission
Washington, D.C.

Gentlemen:

Our examination of the financial condition of Warren G. Towne, Sole Proprietor, as of December 31, 2001 revealed no major inadequacies in the accounting system, internal accounting controls, procedures for safeguarding securities and practices and procedures referred to in paragraph (g)(1) of SEC Rule 17a-5.

MICHLER ASSOCIATES


Thomas A. Michler
Certified Public Accountant

MICHLER ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

104 SOUTH MAIN STREET

FOND DU LAC, WISCONSIN 54935

PHONE: 922-2920

T. A. MICHLER, CPA
W. M. GRESENZ, CPA

January 25, 2002

United States Securities and Exchange Commission
Washington, D.C.

Gentlemen:

There were no material differences in
net capital report filed with SEC and FOCUS report
filed with NASD as of December 31, 2001.

MICHLER ASSOCIATES


Thomas L. Michler
Certified Public Accountant

T. A. MICHLER, CPA
M. GRESENZ, CPA

MICHLER ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
104 SOUTH MAIN STREET
FOND DU LAC, WISCONSIN 54935

PHONE: 922-2920

January 25, 2002

United States Securities and Exchange Commission
Washington, D.C.

Gentlemen:

Warren G. Towne, Sole Proprietor, Fond du Lac, Wisconsin, is in compliance with the exemptive provisions of SEC Rule 15c3 as of December 31, 2001, and no facts have come to our attention indicating that such conditions had not been complied with during the year ended December 31, 2001.

MICHLER ASSOCIATES



Certified Public Accountant

TOWNE, WARREN GORDON

File No. 8-16944

595 Sunset Lane, Fond du Lac, Wisconsin 54935

December 31, 2001

Affirmation to Financial Statement

I, Warren G. Towne, sole proprietor do hereby swear that, to the best of my knowledge and belief, the financial statements are true and correct.

Signed,

Warren G. Towne
Warren G. Towne

STATE OF WISCONSIN)
FOND DU LAC) SS
COUNTY OF WISCONSIN)

Subscribed and sworn to before me this
31ST day of *JANUARY*, 2002

Gary P. Wischewski
Notary Public, Fond du Lac, Wisconsin
My commission expires *1-22-2006*

MICHLER ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

104 SOUTH MAIN STREET

FOND DU LAC, WISCONSIN 54935

PHONE: 922-2920

T. A. MICHLER, CPA
W. M. GRESENZ, CPA

January 25, 2002

Mr. Warren G. Towne
595 Sunset Lane
Fond du Lac, WI 54935

Dear Sir:

We have examined the balance sheet of Warren G. Towne, sole proprietor, as of December 31, 2001 and the related statements of income and ownership equity and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting considered necessary in the circumstances.

In our opinion the aforementioned financial statements present fairly the financial position of Warren G. Towne, sole proprietor, at December 31, 2001 and the results of the operations and changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

MICHLER ASSOCIATES



Certified Public Accountant

MICHLER ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

104 SOUTH MAIN STREET

FOND DU LAC, WISCONSIN 54935

T. A. MICHLER, CPA
M. GRESENZ, CPA

PHONE: 922-2920

January 25, 2002

United States Securities and Exchange Commission
Washington, D.C.

Gentlemen:

In connection with our examination of the answers to the FOCUS report of Warren G. Towne, Sole Proprietor, Fond du Lac, Wisconsin as of December 31, 2001 the following statements are made pursuant to Rule 17a-5 as amended:

Examination of the financial statements of the above date disclosed that the claim for exclusion of Warren G. Towne from membership in the SIPC was consistent with income for the period. He did not hold cash or securities belonging to customers or to other brokers and dealers.

Examination of form X17a-5 disclosed that the nature of the income report properly excluded Warren G. Towne from membership in the SIPC.

MICHLER ASSOCIATES


Thomas L. Michler
Certified Public Accountant

Warren G. Towne
Balance Sheet
December 31, 2001

	<u>12-31-01</u>	<u>12-31-00</u>
<u>Assets</u>		
Cash	<u>85,102.99</u>	<u>67,085.27</u>
<u>Ownership</u>		
Owner's Equity	<u>85,102.99</u>	<u>67,085.27</u>

Warren G. Towne
Statement of Income
December 31, 2001

<u>Income</u>		
Commissions		16,778.73
Interest		<u>2,921.99</u>
		19,700.72
<u>Expenses</u>		
Professional Services	150.00	
Licenses and Fees	<u>1,533.00</u>	<u>1,683.00</u>
<u>Net Income for Year</u>		<u>18,017.72</u>

Warren G. Towne
Statement of Ownership Equity
December 31, 2001

Balance, January 1, 2001	67,085.27
Net Income for Year Ended December 31, 2001	<u>18,017.72</u>
	85,102.99
Less: Ownership Withdrawals	-
	<hr/>
Balance, December 31, 2001	<u>85,102.99</u>

Warren G. Towne
Statement of Cash Flow
Year Ended December 31, 2001

<u>Cash Flows from Operating Activities</u>	
Net Income	18,017.72
<u>Cash Flows from Financing Activities</u>	
Capital Withdrawals	<u>0</u>
<u>Net Increase (Decrease) in Cash</u>	18,017.72
<u>Cash, Beginning of Year</u>	<u>67,085.27</u>
<u>Cash, End of Year</u>	<u>85,102.99</u>

Warren G. Towne
Statement of Changes in Liabilities Subordinated
to Claim of General Creditors
December 31, 2001

Balance, December 31, 2000	<u>0.00</u>
Balance, December 31, 2001	<u>0.00</u>

Warren G. Towne
Computation of Net Capital
December 31, 2001

<u>Cash</u>	<u>85,102.99</u>
<u>Additions or Deductions</u>	-
<u>Net Capital</u>	<u>85,102.99</u>

Warren G. Towne
Computation of Reserve Requirements
December 31, 2001

6 2/3% of total aggregate indebtedness	0.00
2% of combined aggregate debt items	0.00
Capital category per Rule 15c3-3	5,000.00
Reserve Requirements (greater of above three)	<u>5,000.00</u>