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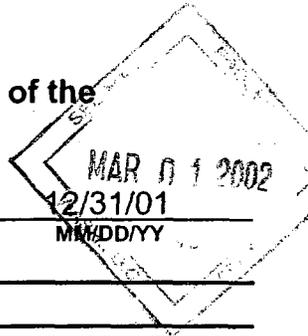
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0123
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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

SEC FILE NUMBER
8-40375

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 01/01/01 AND ENDING 12/31/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Gardner Rich & Company

OFFICIAL USE ONLY
FIRM ID NO.

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

311 South Wacker Drive, Suite 6050

(No. and Street)

Chicago

Illinois

60606

(City)

(State)

(Zip Code)

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

Christopher P. Gardner

(312) 922-3333

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Altschuler, Melvoin and Glasser LLP

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

One South Wacker Drive

Chicago

Illinois

60606-3392

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED
APR 02 2002

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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).

ANS
4/1/2002

OATH OR AFFIRMATION

I, Christopher P. Gardner, affirm that, to the best of my knowledge and belief the accompanying statement of financial condition pertaining to the firm of Gardner Rich & Company, as of December 31, 2001, is true and correct. I further 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.

Sworn and subscribed to me on the

25th day of February 2002

Christopher P. Gardner

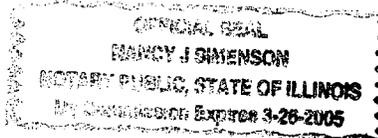
Signature

Christopher P. Gardner
President

Title

Nancy J. Simenson

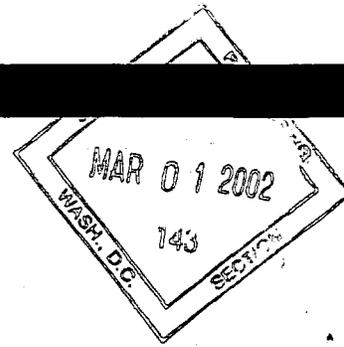
Notary Public



This report** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (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.
- (o) Independent Auditors' Report on Internal Control.

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



Gardner Rich & Company

Statement of Financial Condition

December 31, 2001

Filed Pursuant to Rule 17a-5(d) Under the Securities
Exchange Act of 1934



Altschuler, Melvoin and Glasser LLP
Certified Public Accountants and Consultants

Gardner Rich & Company

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Altschuler, Melvoin and Glasser LLP
Certified Public Accountants and Consultants

Independent Auditors' Report

Board of Directors of
Gardner Rich & Company

We have audited the accompanying statement of financial condition of Gardner Rich & Company as of December 31, 2001 that you are filing pursuant to Rule 17a-5 of the Securities and Exchange Commission. 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 U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 audit 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 Gardner Rich & Company as of December 31, 2001, in conformity with U.S. generally accepted accounting principles.

Chicago, Illinois
February 22, 2002

Gardner Rich & Company
Statement of Financial Condition
December 31, 2001

Assets

Cash and cash equivalents	\$	80,695
Due from clearing firms		89,354
Loan receivable		392,258
Furniture and equipment, net		18,068
Other assets		<u>7,850</u>

Total assets **\$** 588,225

Liabilities and Stockholder's Equity

Liabilities

Accounts payable and accrued expenses \$ 94,806

Liabilities subordinated to claims of general creditors 200,000

Stockholder's equity

Common stock 26,000

Additional paid in capital 250,000

Retained earnings 483,467

759,467

Less advances to stockholder (466,048)

Total stockholder's equity 293,419

Total liabilities and stockholder's equity **\$** 588,225

Gardner Rich & Company
Notes to the Statement of Financial Condition
December 31, 2001

Note 1 Nature of Operations and Significant Accounting Policies

Nature of Operations—Gardner Rich & Company (the "Company") is a registered securities broker-dealer, introducing transactions on a fully disclosed basis through other brokers.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents—Cash equivalents are all highly liquid investments purchased with a maturity of three months or less.

Furniture and Equipment—Furniture and equipment are carried at cost and depreciated by an accelerated depreciation method over the estimated useful lives of the assets.

Income Recognition—Commission income and expense are recorded on trade date.

Income Taxes—The Company has elected to be taxed as an "S corporation" under provisions of the Internal Revenue Code. Under those provisions, the stockholder is responsible for individual income taxes on the Company's taxable income.

Note 2 Advances

Cash advances to the stockholder bear no interest and are payable on demand.

Note 3 Loan Receivable

The Company has loaned funds to an entity with which it expects to do substantial business. The loan receivable is unsecured, bears no interest, and is payable on demand.

Note 4 Furniture and Equipment

Furniture and equipment at December 31, 2001 consist of:

Furniture and equipment	\$ 52,460
Accumulated depreciation	<u>(34,392)</u>
Net	<u>\$ 18,068</u>

Gardner Rich & Company
Notes to the Statement of Financial Condition
December 31, 2001

Note 5 Liabilities Subordinated to Claims of General Creditors

The Company borrowed \$200,000 from the stockholder under a subordinated loan agreement that was renewed effective January 31, 2002 to mature January 31, 2003. The original agreement and the successor agreement provide, among other things, for payment of interest at the prime rate plus 2 percent. Subordinated borrowings are available in computing adjusted net capital under the minimum net capital requirements, and to the extent that such a borrowing is required for the Company's continued compliance with minimum net capital requirements, it may not be repaid.

Note 6 Commitments and Contingencies

The Company has a noncancelable, operating lease for office space through March 31, 2003. Total base lease commitments are as follows:

2002	\$	99,518
2003		<u>24,384</u>
	\$	<u>123,902</u>

In connection with the lease, the Company has pledged a letter of credit of \$37,500. The Company also leases additional space for \$90,000 per annum under a lease expiring October 31, 2002.

Note 7 Off-Balance-Sheet Credit and Market Risk

Securities transactions of customers located primarily in the Midwest and East Coast regions are introduced to and cleared through a clearing broker. Under the terms of its clearing agreement, the Company is required to guarantee the performance of its customers in meeting contracted obligations. In conjunction with the clearing broker, the Company seeks to control the risks associated with its customer activities by requiring customers to maintain collateral in compliance with various regulatory and internal guidelines. Compliance with the various guidelines are monitored daily and, pursuant to such guidelines, the customers may be required to deposit additional collateral, or reduce positions, where necessary.

Amounts due from the clearing broker represent a concentration of credit risk. The Company does not anticipate nonperformance by its clearing broker. In addition, the Company has a policy of reviewing, as considered necessary, the creditworthiness of the clearing broker with which it conducts business. The loan receivable represents another concentration of credit risk. The loan was made to assist in financing a new business venture. The Company is monitoring the operation of this new venture closely.

Note 8 Net Capital Requirements

The Company is a broker-dealer subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1). Under the rule, the Company is required to maintain "net capital" equal to \$5,000 or 6-2/3 percent of "aggregate indebtedness", whichever is greater, as these terms are defined.

Net capital and aggregate indebtedness change from day to day, but at December 31, 2001, the Company had net capital and net capital requirements of approximately \$74,000 and \$5,000, respectively.