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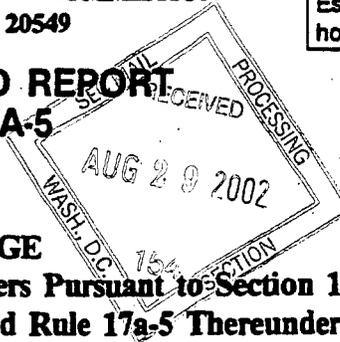
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COMMISSION

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



SEC FILE NUMBER
8-18811

PK 9/13

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 JULY 1, 2001 AND ENDING JUNE 30, 2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

R.W. ELLWOOD & CO., INC.

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

OFFICIAL USE ONLY
FIRM ID. NO.

(No. and Street)		
NEW YORK	NY	10005
(City)	(State)	(Zip Code)

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

ROBERT J. ELLWOOD

(212) 425-8360

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

SANFORD BECKER & CO., PC

(Name - if individual, state last, first, middle name)			
1430 BROADWAY - 6th FLOOR	NEW YORK	NY	10018
(Address)	(City)	(State)	(Zip Code)

PROCESSED

CHECK ONE:

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

SEP 19 2002

THOMSON FINANCIAL

91-600

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, ROBERT J. ELLWOOD, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of R.W. ELLWOOD & CO., INC., as of JUNE 30, 2002, 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:

Signature
ROBERT J. ELLWOOD, PRESIDENT
Title

RAYMOND J. O'SULLIVAN
NOTARY PUBLIC, State of New York
No. 60-4744530
Qualified in Westchester County
Certificate filed in New York County
Commission expires Aug. 31, 2005

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).

FORM X-17A-5

FOCUS REPORT

(Financial and Operational Combined Uniform Single Report)

PART II 11

SEC 1695 (7-78) 3/78

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s):

1) Rule 17a-5(a) 16

2) Rule 17a-5(b) 17

3) Rule 17a-11 18

4) Special request by designated examining authority 19

5) Other 26

NAME OF BROKER-DEALER

R.W. ELLWOOD & CO., INC.

SEC FILE NO.

8-18811 14

FIRM ID. NO.

007021 15

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

20 EXCHANGE PLACE 13

FOR PERIOD BEGINNING (MM/DD/YY)

JULY 1, 2001 24

(No. and Street)

AND ENDING (MM/DD/YY)

JUNE 30, 2002 25

NEW YORK 21 NY 22 10005 23

(City) (State) (Zip Code)

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

ROBERT J. ELLWOOD 30

(Area Code)—Telephone No.

(212) 425-8360 31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

32

34

36

38

OFFICIAL USE

33

35

37

39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS?

YES 40

NO 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT

42

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the _____ day of _____ 19 _____

Manual signatures of:

1) _____
Principal Executive Officer or Managing Partner

2) _____
Principal Financial Officer or Partner

3) _____
Principal Operations Officer or Partner

ATTENTION—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78:(a))

R.W. ELLWOOD & CO., INC.
JUNE 30, 2002

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SANFORD BECKER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

RICHARD S. BECKER, C.P.A.
SANFORD E. BECKER, C.P.A.
GEORGE S. GETZ, C.P.A.

SANFORD BECKER, C.P.A. 1922-1994

1430 BROADWAY
NEW YORK, N.Y. 10018
TELEPHONE - (212) 921-9000
FACSIMILE - (212) 354-1822

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
R.W. Ellwood & Co., Inc.
New York, NY 10005

We have audited the accompanying statement of financial condition of R.W. Ellwood & Co., Inc. as of June 30, 2002 and the related statements of income, changes in stockholder's equity and cash flows for the year then ended, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of R.W. Ellwood & Co., Inc. as of June 30, 2002 and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the schedules listed on the accompanying index is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

New York, New York
July 29, 2002



**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER **R.W. ELLWOOD & CO., INC.**

N 2

10

STATEMENT OF FINANCIAL CONDITION

As of (MM/DD/YY) **JUNE 30, 2002**

9

SEC FILE NO. **818811**

9

Consolidated

19

Unconsolidated

19

ASSETS

	<u>Allowable</u>	<u>Nonallowable</u>	<u>Total</u>
1. Cash	\$ 1,816		\$ 1,816
	200		75
2. Cash segregated in compliance with federal and other regulations			
			76
3. Receivable from brokers or dealers and clearing organizations:			
A. Failed to deliver:			
1. Includable in "Formula for Reserve Requirements"	118,000		
			77
2. Other			
			78
B. Securities borrowed:			
1. Includable in "Formula for Reserve Requirements"			
			79
2. Other			
			80
C. Omnibus accounts:			
1. Includable in "Formula for Reserve Requirements"			
			81
2. Other			
			82
D. Clearing organizations:			
1. Includable in "Formula for Reserve Requirements"			
			83
2. Other	279,288		279,288
			84
E. Other		550	
			85
4. Receivables from customers:			
A. Securities accounts:			
1. Cash and fully secured accounts			
			86
2. Partly secured accounts			
			87
3. Unsecured accounts			
			88
B. Commodity accounts			
			89
C. Allowance for doubtful accounts			
			90
5. Receivables from non-customers:			
A. Cash and fully secured accounts			
			91
B. Partly secured and unsecured accounts			
			92
6. Securities purchased under agreements to resell			
			93
7. Securities and spot commodities owned, at market value:			
A. Bankers acceptances, certificates of deposit and commercial paper			
			94
B. U.S. and Canadian government obligations	199,150		
			95
C. State and municipal government obligations			
			96
D. Corporate obligations			
			97

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SEE NOTES TO FINANCIAL STATEMENTS

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER R.W. ELLWOOD

as of JUNE 30, 2002

STATEMENT OF FINANCIAL CONDITION

ASSETS

	<u>Allowable</u>	<u>Nonallowable</u>	<u>Total</u>
E. Stocks and warrants	410		
F. Options	420		
G. Arbitrage	422		
H. Other securities	424		
I. Spot commodities	430		
			\$ 199,150 850
8. Securities owned not readily marketable:			
A. At Cost \$ 3,300 130			
B. At estimated fair value	440	\$ 610	860
9. Other investments not readily marketable:			
A. At Cost \$ 140			
B. At estimated fair value	450	620	870
10. Securities borrowed under subordination agree- ments and partners' individual and capital securities accounts, at market value:			
A. Exempted securities \$ 150			
B. Other \$ 160	460	630	880
11. Secured demand notes- market value of collateral:			
A. Exempted securities \$ 170			
B. Other \$ 180	470	640	890
12. Memberships in exchanges:			
A. Owned, at market value \$ 190			
B. Owned at cost		650	
C. Contributed for use of company, at market value		660	900
13. Investment in and receivables from affiliates, subsidiaries and associated partnerships	480	670	910
14. Property, furniture, equipment, leasehold improvements and rights under lease agreements: At cost (net of accumulated depreciation and amortization)	490	20,618 680	20,618 920
15. Other Assets:			
A. Dividends and interest receivable	500	690	
B. Free shipments	510	700	
C. Loans and advances	520	168,147 710	
D. Miscellaneous	57,000 530	5,430 720	230,577 930
16. TOTAL ASSETS	\$ 655,254 540	\$ 194,195 740	\$ 849,449 940

OMIT PENNIE

SEE NOTES TO FINANCIAL STATEMENTS

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER

R.W. ELLWOOD & CO., INC.

as of JUNE 30, 2002

STATEMENT OF FINANCIAL CONDITION

LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A.I. Liabilities *</u>	<u>Non-A.I. Liabilities *</u>	<u>Total</u>
17. Bank loans payable:			
A. Includable in "Formula for Reserve Requirements"	\$ 1030	\$ 1240	\$ 1460
B. Other	1040	1250	1470
18. Securities sold under repurchase agreements ..		1260	1480
19. Payable to brokers or dealers and clearing organizations:			
A. Failed to receive:			
1. Includable in "Formula for Reserve Requirements"	1050	1270	1490
2. Other	1060	117,800 1280	117,800 1500
B. Securities loaned:			
1. Includable in "Formula for Reserve Requirements"	1070		1510
2. Other	1080	1290	1520
C. Omnibus accounts:			
1. Includable in "Formula for Reserve Requirements"	1090		1530
2. Other	1095	1300	1540
D. Clearing organizations:			
1. Includable in "Formula for Reserve Requirements"	1100		1550
2. Other	1105	1310	1560
E. Other	1110	1320	1570
20. Payable to customers:			
A. Securities accounts -including free credits of	1120		1580
B. Commodities accounts	1130	1330	1590
21. Payable to non-customers:			
A. Securities accounts	1140	1340	1600
B. Commodities accounts	1150	1350	1610
22. Securities sold not yet purchased at market value - including arbitrage of	960	1360	1620
23. Accounts payable and accrued liabilities and expenses:			
A. Drafts payable	1160		1630
B. Accounts payable	72,000 1170		72,000 1640
C. Income taxes payable	1180		1650
D. Deferred income taxes		1370	1660
E. Accrued expenses and other liabilities	1190		1670
F. Other	1200	1380	1680

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*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER

R R.W. ELLWOOD & CO., INC.

as of JUNE 30, 2002

STATEMENT OF FINANCIAL CONDITION

LIABILITIES AND OWNERSHIP EQUITY (continued)

<u>Liabilities</u>	<u>A.I. Liabilities +</u>	<u>Non-A.I. Liabilities +</u>	<u>Total</u>
24. Notes and mortgages payable:			
A. Unsecured	\$ 1210		\$ 1690
B. Secured	25 1211	\$ 1390	1700
25. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings		1400	1710
1. from outsiders 24 \$ 970			
2. Includes equity subordination (15c3-1 (d)) of \$ 980			
B. Securities borrowings, at market value:		1410	1720
from outsiders \$ 990			
C. Pursuant to secured demand note collateral agreements;		1420	27 1730
1. from outsiders \$ 1000			
2. Includes equity subordination (15c3-1 (d)) of \$ 1010			
D. Exchange memberships contributed for use of company at market value		26 1430	1740
E. Accounts and other borrowings not qualified for net capital purposes	1220	1440	1750
26. TOTAL LIABILITIES	\$ 72,000 1230	\$ 117,800 1450	\$ 189,800 1760

Ownership Equity

27. Sole proprietorship		\$ 1770
28. Partnership- limited partners \$ 1020		1780
29. Corporation:		
A. Preferred stock		179
B. Common stock		28 58,473 179
C. Additional paid-in capital		179
D. Retained earnings		601,176 179
E. Total		659,649 179
F. Less capital stock in treasury		() 179
30. TOTAL OWNERSHIP EQUITY		\$ 659,649 180
31. TOTAL LIABILITIES AND OWNERSHIP EQUITY		\$ 849,449 181

OMIT PENN

*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

SEE NOTES TO FINANCIAL STATEMENTS

R.W. ELLWOOD & CO., INC.
STATEMENT OF EARNINGS
YEAR ENDED JUNE 30, 2002

REVENUE

Commissions	\$ 1,053,725
Interest	8,212
Other	26,687
	<u>1,088,624</u>

EXPENSES

Employee Compensation & Benefits	\$ 659,600
Communications	68,267
Occupancy and Equipment Rental	80,058
Promotional Costs	24,206
Taxes	1,921
Clearing Costs	41,263
Regulatory Fees	11,063
Other Operating Expenses	196,916
	<u>\$ 1,083,294</u>

Net Income Before Provision for Federal Income Tax	5,330
Provision for Federal Income Tax	-
Net Income	<u>5,330</u>

R.W. ELLWOOD & CO., INC.
STATEMENT OF STOCKHOLDERS' EQUITY
YEAR ENDED JUNE 30, 2002

	<u>COMMON STOCK</u>	<u>RETAINED EARNINGS</u>	<u>TOTAL</u>
<u>BALANCE</u> at July 1, 2001	58,473	595,846	654,319
Net Income		5,330	5,330
<u>BALANCE</u> at June 30, 2002	<u>58,473</u>	<u>601,176</u>	<u>659,649</u>

R.W. ELLWOOD & CO., INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash Flows from Operating Activities:	
Net Income	\$ 5,330
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	3,050
Increase in Receivable from Brokers or Dealers and Clearing Organizations:	(273,179)
Increase in Payable to Broker or Dealers and Clearing Organizations:	25,718
Increase in Accounts Payable and Accrued Expenses Payable:	60,000
Increase in other Assets:	<u>(25,647)</u>
Total Adjustments	<u>(210,058)</u>
Net Cash Used For Operating Activities	(204,728)
Cash Flows from Investing Activities:	
Decrease in Securities Owned	<u>197,330</u>
Net Cash Provided by Investing Activities	197,330
Net Decrease in Cash and Cash Equivalents	(7,398)
Cash and Cash Equivalents at Beginning of Year	<u>9,214</u>
Cash and Cash Equivalents at End of Year	<u><u>1,816</u></u>

R. W. ELLWOOD & CO., INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

(1) Summary of Significant Accounting Policies:

- (a) Accounting for securities transactions is on a settlement date basis (Normally three business days after trade date).
- (b) Furniture and equipment are stated at cost less accumulated depreciation. Depreciation is computed using accelerated methods over the estimated useful lives of the related assets.
- (c) In the normal course of its business, the Company enters into financial transactions where the risk of potential loss due to changes in market value (market risk) or failure of the other party to the transaction to perform (credit risk) exceeds the amounts recorded for customer and counter party with which it conducts business. R.W. Ellwood Co., Inc. does not do business in foreign currency, futures or forward contracts.
- (d) The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.
- (e) The company is obligated under a noncancelable operating lease for its office premises expiring September 30, 2005. Total remaining obligations under this lease amount to \$149,377.16

(2) Capital Stock:

Capital Stock consists of the following:

Common Stock without par value
Authorized 1,000 shares
Issued and outstanding, 556 shares

- (3) Net Capital Requirement:
The Company registration with the Securities & Exchange Commission became effective February 2, 1976.

As a registered Broker- Dealer, R.W. Ellwood & Co., Inc. is subject to Rule 15c3-1 of the Securities & Exchange Commission which specifies uniform minimum net capital requirements for its registrants. At June 30, 2002 R.W. Ellwood & Co., Inc. had net capital of \$465,454 which exceeded requirements by \$315,454 the percentage of aggregate indebtedness to net capital as of June 30, 2002 was 15.47%. At all times during the year, R.W. Ellwood & Co., Inc. was in compliance with the net capital rules.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER **R.W. ELLWOOD & CO., INC.**

as of JUNE 30, 2002

COMPUTATION OF NET CAPITAL

<p>1. Total ownership equity (from Statement of Financial Condition – Item 1800).....</p> <p>2. Deduct: Ownership equity not allowable for net capital</p> <p>3. Total ownership equity qualified for net capital.....</p> <p>4. Add:</p> <p style="padding-left: 20px;">A. Liabilities subordinated to claims of general creditors allowable in computation of net capital.....</p> <p style="padding-left: 20px;">B. Other (deductions) or allowable credits (List).....</p> <p>5. Total capital and allowable subordinated liabilities.....</p> <p>6. Deductions and/or charges:</p> <p style="padding-left: 20px;">A. Total non-allowable assets from</p> <p style="padding-left: 40px;">Statement of Financial Condition (Note B and C)</p> <p style="padding-left: 60px;">1. Additional charges for customers' and non-customers' security accounts</p> <p style="padding-left: 60px;">2. Additional charges for customers' and non-customers' commodity accounts.....</p> <p style="padding-left: 20px;">B. Aged fail-to-deliver:</p> <p style="padding-left: 40px;">1. Number of items</p> <p style="padding-left: 20px;">C. Aged short security differences-less reserve of</p> <p style="padding-left: 40px;">number of items.....</p> <p style="padding-left: 20px;">D. Secured demand note deficiency.....</p> <p style="padding-left: 20px;">E. Commodity futures contracts and spot commodities – proprietary capital charges</p> <p style="padding-left: 20px;">F. Other deductions and/or charges</p> <p style="padding-left: 20px;">G. Deductions for accounts carried under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) ..</p> <p style="padding-left: 20px;">H. Total deductions and/or charges</p> <p>7. Other additions and/or allowable credits (List).....</p> <p>8. Net Capital before haircuts on securities positions</p> <p>9. Haircuts on securities: (computed, where applicable, pursuant to 15c3-1 (f)):</p> <p style="padding-left: 20px;">A. Contractual securities commitments</p> <p style="padding-left: 20px;">B. Subordinated securities borrowings.....</p> <p style="padding-left: 20px;">C. Trading and Investment securities:</p> <p style="padding-left: 40px;">1. Bankers' acceptances, certificates of deposit and commercial paper</p> <p style="padding-left: 40px;">2. U.S. and Canadian government obligations</p> <p style="padding-left: 40px;">3. State and municipal government obligations</p> <p style="padding-left: 40px;">4. Corporate obligations</p> <p style="padding-left: 40px;">5. Stocks and warrants.....</p> <p style="padding-left: 40px;">6. Options</p> <p style="padding-left: 40px;">7. Arbitrage</p> <p style="padding-left: 40px;">8. Other securities</p> <p style="padding-left: 20px;">D. Undue concentration.....</p> <p style="padding-left: 20px;">E. Other (list).....</p> <p>10. Net Capital</p>	<table border="0" style="width:100%; border-collapse: collapse;"> <tr> <td style="border-right: 1px solid black; padding-right: 5px;">\$</td> <td style="border-right: 1px solid black; padding-right: 5px;">659,649</td> <td style="border-right: 1px solid black; padding-right: 5px;">3480</td> </tr> <tr> <td style="border-right: 1px solid black; padding-right: 5px;">(</td> <td style="border-right: 1px solid black; padding-right: 5px;"></td> <td style="border-right: 1px solid black; padding-right: 5px;">3490</td> </tr> <tr> <td style="border-right: 1px solid black; padding-right: 5px;"></td> <td style="border-right: 1px solid black; padding-right: 5px;">659,649</td> <td style="border-right: 1px solid black; padding-right: 5px;">3500</td> </tr> <tr> <td style="border-right: 1px solid black; padding-right: 5px;"></td> <td style="border-right: 1px solid black; padding-right: 5px;"></td> <td style="border-right: 1px solid black; padding-right: 5px;">3520</td> </tr> <tr> <td style="border-right: 1px solid black; padding-right: 5px;"></td> <td style="border-right: 1px solid black; padding-right: 5px;"></td> <td style="border-right: 1px solid black; padding-right: 5px;">3525</td> </tr> <tr> <td style="border-right: 1px solid black; padding-right: 5px;">\$</td> <td style="border-right: 1px solid black; padding-right: 5px;">659,649</td> <td style="border-right: 1px solid black; padding-right: 5px;">3530</td> </tr> <tr> <td style="border-right: 1px solid black; padding-right: 5px;">\$</td> <td style="border-right: 1px solid black; padding-right: 5px;">194,195</td> <td style="border-right: 1px solid black; padding-right: 5px;">3540</td> </tr> <tr> <td style="border-right: 1px solid black; padding-right: 5px;"></td> <td style="border-right: 1px solid black; padding-right: 5px;"></td> <td style="border-right: 1px solid black; padding-right: 5px;">3550</td> </tr> <tr> <td style="border-right: 1px solid black; padding-right: 5px;"></td> <td style="border-right: 1px solid black; padding-right: 5px;"></td> <td style="border-right: 1px solid black; 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SEE NOTES TO FINANCIAL STATEMENTS

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER

R.W. ELLWOOD & CO., INC.

as of 6/30/02

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19)	4,800	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	150,000	3758
13. Net capital requirement (greater of line 11 or 12)	150,000	3760
14. Excess net capital (line 10 less 13).....	315,454	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)		3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	72,000	3790
17. Add:		
A. Drafts for immediate credit	3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	3810	
C. Other unrecorded amounts (List)	3820	3830
19. Total aggregate indebtedness	72,000	3840
20. Percentage of aggregate indebtedness to net capital (line 19 / by line 10)	15.47%	3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c-3-1 (d)		3860

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of net capital computation including both brokers or dealers and consolidated subsidiaries' debits	N/A	3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)		3880
24. Net capital requirement (greater of line 22 or 23)		3760
25. Excess net capital (line 10 less 24)		3910
26. Net capital in excess of the greater of:		
A. 5% of combine aggregate debit items or \$120,000		3920

NOTES:

(A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:

1. Minimum dollar net capital requirement, or
2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternate method is used.

(B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.

(C) For reports filed pursuant to paragraph (d) of Rule 17a-5 respondent should provide a list of material non-allowable assets.

SEE NOTES TO FINANCIAL STATEMENTS

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER **R.W. ELLWOOD & CO., INC.**

as of **JUNE 30, 2002**

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
FOR BROKER-DEALERS UNDER RULE 15c3-3
(See Rule 15c3-3, Exhibit A and Related Notes)**

CREDIT BALANCES

1. Free credit balances and other credit balances in customers' security accounts (see Note A, Exhibit A, Rule 15c3-3)	\$	4340	
2. Monies borrowed collateralized by securities carried for the accounts of customers (see Note B)		4350	
3. Monies payable against customers' securities loaned (see Note C)		4360	
4. Customers' securities failed to receive (see Note D)		4370	
5. Credit balances in firm accounts which are attributable to principal sales to customers		4380	
6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days		4390	
7. **Market value of short security count differences over 30 calendar days old		4400	
8. **Market value of short securities and credits (not to be offset by longs or by debits) in all suspense accounts over 30 calendar days	\$	4410	
9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days		4420	
10. Other (List)		4425	
11. TOTAL CREDITS	\$		4430

**NOT
APPLICABLE**

DEBIT BALANCES

12. **Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection net of deductions pursuant to Note E, Exhibit A, Rule 15c3-3	\$	4440	
13. Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver		4450	
14. Failed to deliver of customers' securities not older than 30 calendar days		4460	
15. Margin required and on deposit with the Options Clearing Corporation for all option contracts written or purchased in customer accounts (See Note F)		4465	
16. Other (List)	\$	4469	
17. **Aggregate debit items			4470
18. **less 3% (for alternative method only — see Rule 15c3-1 (f) (5) (i))			4471
19. ***TOTAL 15c3-3 DEBITS	\$		4472

RESERVE COMPUTATION

20. Excess of total debits over total credits (line 19 less line 11)	\$	4480	
21. Excess of total credits over total debits (line 11 less line 19)		4490	
22. If computation permitted on a monthly basis, enter 105% of excess of total credits over total debits		4500	
23. Amount held on deposit in "Reserve Bank Account(s)", including value of qualified securities, at end of reporting period		4510	
24. Amount of deposit (or withdrawal) including \$ 4515 value of qualified securities		4520	
25. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including \$ 4525 value of qualified securities	\$		4530
26. Date of deposit (MMDDYY)			4540

OMIT PENNIES

FREQUENCY OF COMPUTATION

27. Daily 4332 Weekly 4333 Monthly 4334

**In the event the Net Capital Requirement is computed under the alternative method, this "Reserve Formula" shall be prepared in accordance with the requirements of paragraph (f) of Rule 15c3-1.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER R.W. ELLWOOD & CO., INC.

as of JUNE 30, 2002

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
FOR BROKER-DEALERS UNDER RULE 15c3-3 (continued)**

EXEMPTIVE PROVISIONS

28. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

	NOT	
	APPLICABLE	4550
A. (k) (1)—\$2,500 capital category as per Rule 15c3-1	✓	
B. (k) (2)(A)—"Special Account for the Exclusive Benefit of customers" maintained		4560
C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm ⁵¹		4570
		4335
D. (k) (3)—Exempted by order of the Commission		4580

Information for Possession or Control Requirements Under Rule 15c3-3

State the market valuation and the number of items of:

1. Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date) but for which the required action was not taken by respondent within the time frames specified under Rule 15c3-3. Notes A and B

	\$	4586
A. Number of Items		4587

2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3. Notes B, C and D

	\$	4588
A. Number of Items	51	4589

OMIT PENNIES

3. The system and procedures utilized in complying with the requirement to maintain physical possession or control of customers' fully paid and excess margin securities have been tested and are functioning in a manner adequate to fulfill the requirements of Rule 15c3-3

Yes	X	4584	No	4585
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NOTES

- A—Do not include in item one customers' fully paid and excess margin securities required by Rule 15c 3-3 to be in possession or control but for which no action was required by the respondent as of the report date or required action was taken by respondent within the time frames specified under Rule 15c3-3.
- B—State separately in response to items one and two whether the securities reported in response thereto were subsequently reduced to possession or control by the respondent.
- C—Be sure to include in item two only items not arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.
- D—Item two must be responded to only with report which is filed as of the date selected for the broker's or dealer's annual audit of financial statements, whether or not such date is the end of a calendar quarter. The response to item two should be filed within 60 calendar days after such date, rather than with the remainder of this report. This information may be required on a more frequent basis by the Commission or the designated examining authority in accordance with Rule 17a-5(a)(2)(iv).

R.W. ELLWOOD & CO., INC.
RECONCILIATION BETWEEN AUDITED AND UNAUDITED
STATEMENTS OF FINANCIAL CONDITION
June 30, 2002

Unaudited Total Ownership Equity - June 30, 2002	\$ 725,999
Audit Adjustments:	
Year Ended Accruals - Depreciation and Income Tax Accruals	<u>(66,350)</u>
Audited Total Ownership Equity - June 30, 2002	<u>\$ 659,649</u>

SANFORD BECKER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

RICHARD S. BECKER, C.P.A.
SANFORD E. BECKER, C.P.A.
GEORGE S. GETZ, C.P.A.

SANFORD BECKER, C.P.A. 1922-1994

1430 BROADWAY
NEW YORK, N.Y. 10018
TELEPHONE - (212) 921-9000
FACSIMILE - (212) 354-1822

REPORT OF INTERNAL CONTROL

Board of Directors
R.W. Ellwood & Co., Inc.
New York, New York

In planning and performing our audit of the financial statements of R.W. Ellwood & Co., Inc. for the year ended June 30, 2002 we considered its internal control structure including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g) (1) of the Securities & Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by R.W. Ellwood & Co., Inc. that we considered relevant to the objectives stated in rule 17a-5(g), (i) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a) (ii) and the reserve required by rule 15c3-3(e); (2) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13; (3) in complying with the requirements for prompt payment for securities under section 8 of regulation T of the Board of Governors of the Federal reserve system; and (4) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15c3-3.

The management of the Company is responsible for establishing and maintaining an internal control structure and practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimate and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the commission's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principals. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

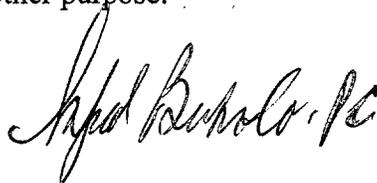
Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure element does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and our study, we believe that the Company's practices and procedures were adequate at June 30, 2002 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, and other regulatory agencies, which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

New York, New York
July 29, 2002

A handwritten signature in cursive script, appearing to read "Alfred R. Burch, P.C.", is written in dark ink.