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12/6/2002



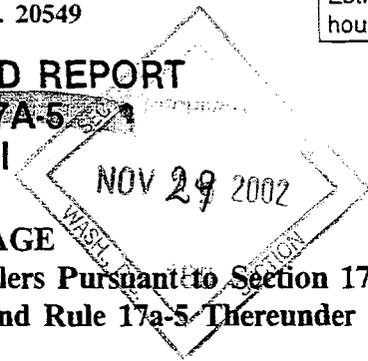
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UNITED STATES
EXCHANGE COMMISSION
Washington, D.C. 20549

12-502
OMB APPROVAL
OMB Number: 3235-0123
Expires: September 30, 1998
Estimated average burden
hours per response . . . 12.00

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

SEC FILE NUMBER
8-15487



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 10/01/01 AND ENDING 09/30/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Interpacific Investors Services, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

2623 Second Avenue

(No. and Street)

Seattle

(City)

Washington

(State)

98121-1294

(Zip Code)

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

Gary Lundgren

206-269-5050

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Falco Sult & Company, PLLC

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

16150 NE 85th Street, Suite 203 Redmond, Washington 98052

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

DEC 13 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).

001212

OATH OR AFFIRMATION

I, Brian Kline, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Interpacific Investors Services, Inc., as of September 30, 192002, 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:

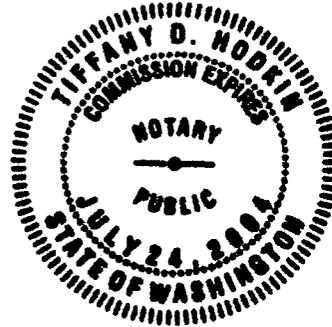
Brian Kline

Signature

EVP

Title

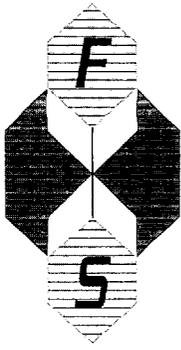
Mary D. Block
Notary Public



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).



FALCO SULT & COMPANY

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

November 13, 2002

To the Board of Directors and Stockholder's of
Interpacific Investors Services, Inc.

We have audited the accompanying statements of financial condition of Interpacific Investors Services, Inc. as of September 30, 2002 and 2001, and the related statements of income, changes in stockholder's equity and cash flows for the years then ended. 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 Interpacific Investors Services, Inc. as of September 30, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Falco Sult & Company, P.C.

INTERPACIFIC INVESTORS SERVICES, INC.

Statements of Financial Condition

September 30, 2002 and 2001

Assets

	<u>2002</u>	<u>2001</u>
Assets:		
Cash and cash equivalents (including cash segregated in compliance with Federal and other regulations of \$ 0 in 2002 and \$0 in 2001)	\$ 18,566	\$ 77,441
Receivable from broker	720,640	129,606
Interest and commissions receivable	104,461	398,090
Receivable from affiliates	4,100	3,690
Miscellaneous receivables	40,642	-
Trading securities owned - at market value	1,426,353	6,097,927
Prepaid expenses and deposits	19,105	15,949
Investments	7,490	7,490
Deferred tax asset	156,500	63,500
	<u>\$ 2,497,857</u>	<u>\$ 6,793,693</u>

Liabilities and Stockholder's Equity

	<u>2002</u>	<u>2001</u>
Liabilities:		
Payable to brokers and dealers	\$ 1,411,038	\$ 4,495,880
Commissions payable	51,332	176,546
Securities sold, not yet purchased, at market value	26,518	6,028
Accounts payable, accrued expenses, and other liabilities	261,485	120,877
Income tax payable	99,813	99,813
	<u>1,850,186</u>	<u>4,899,144</u>
 Commitments and contingent liabilities:	 <u>-</u>	 <u>-</u>
 Stockholder's equity:		
Common stock, Class "A" voting, \$.10 par value, 500,000 shares authorized, 52,541 shares issued and outstanding	 5,254	 5,254
Capital in excess of par value	2,397,071	1,717,071
Retained earnings (Accumulated deficit)	<u>(1,754,654)</u>	<u>172,224</u>
Total stockholders' equity	<u>647,671</u>	<u>1,894,549</u>
	 <u>\$ 2,497,857</u>	 <u>\$ 6,793,693</u>

The accompanying notes are an integral part of these financial statements.

INTERPACIFIC INVESTORS SERVICES, INC.

Statements of Income

For the Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Revenues:		
Trading and commission income	\$ 1,158,698	\$ 2,721,303
Interest income	436,764	1,106,363
Unrealized gain (loss) on investment and trading securities	(71,942)	7,463
Other income	2,500	17,009
Total income	<u>1,526,020</u>	<u>3,852,138</u>
Expenses:		
Commission expense	1,959,267	2,823,409
Officer salaries	1,875	51,752
Office salaries	228,288	283,865
Payroll taxes and employment benefits	44,705	80,808
Rent	61,071	61,429
Office expense, data processing and miscellaneous	83,224	112,485
Promotion, travel and entertainment	2,342	21,894
Professional fees	46,253	33,260
Business taxes, fees and licenses	39,319	100,166
Insurance and bonds	9,119	43,478
Legal settlements	1,600	-
Telephone	9,313	17,386
Clearing fees	115,302	133,343
Depreciation	-	6,913
Interest	224,220	298,390
Management services	720,000	720,000
Total expenses	<u>3,545,898</u>	<u>4,788,578</u>
Loss before income taxes	(2,019,878)	(936,440)
Income tax benefit	<u>93,000</u>	<u>44,000</u>
Net loss	<u>\$ (1,926,878)</u>	<u>\$ (892,440)</u>

The accompanying notes are an integral part of these financial statements.

INTERPACIFIC INVESTORS SERVICES, INC.

Statements of Changes in Stockholder's Equity
For the Years Ended September 30, 2002 and 2001

	Common Stock		Capital in Excess of Par Value	Retained	Total Stockholder's Equity
	Number of Shares	Amount		Earnings (Accumulated Deficit)	
Balance - September 30, 2001	52,541	\$ 5,254	\$ 1,717,071	\$ 172,224	\$ 1,894,549
Capital contributions	-	-	680,000	-	680,000
Net loss	-	-	-	(1,926,878)	(1,926,878)
Balance - September 30, 2002	<u>52,541</u>	<u>\$ 5,254</u>	<u>\$ 2,397,071</u>	<u>\$ (1,754,654)</u>	<u>\$ 647,671</u>

	Common Stock		Capital in Excess of Par Value	Retained	Total Stockholder's Equity
	Number of Shares	Amount		Earnings	
Balance - September 30, 2000	92,541	\$ 9,254	\$ 1,317,071	\$ 3,041,164	\$ 4,367,489
Prior period adjustment				63,500	63,500
Purchase of treasury stock	(40,000)	(4,000)	-	(1,996,000)	(2,000,000)
Capital contributions	-	-	400,000	-	400,000
Net loss	-	-	-	(936,440)	(936,440)
Balance - September 30, 2001	<u>52,541</u>	<u>\$ 5,254</u>	<u>\$ 1,717,071</u>	<u>\$ 172,224</u>	<u>\$ 1,894,549</u>

The accompanying notes are an integral part of these financial statements.

INTERPACIFIC INVESTORS SERVICES, INC.

Statements of Cash Flows

For the Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Net loss	\$ (1,926,878)	\$ (892,440)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	-	6,913
Gain on sale of equipment and property	-	(16,999)
Deferred tax asset	(93,000)	(44,000)
(Increase) decrease in operating assets:		
Receivables	(297,404)	195,744
Inventory	4,671,574	(3,191,107)
Prepaid expenses	(3,156)	12,085
Investments	-	(295)
Receivable from affiliates	(410)	-
Miscellaneous receivables	(40,642)	-
Increase (decrease) in operating liabilities:		
Payable to broker	(3,084,842)	3,157,390
Commissions payable	(125,214)	(33,045)
Accounts payable and accruals	140,607	68,011
Securities sold	20,490	(26,799)
Income taxes payable	-	(760)
Net cash provided (used) by operating activities	<u>(738,875)</u>	<u>(765,302)</u>
Cash flows from investing activities:		
Purchase of equipment and property	-	(1,094)
Proceeds from sale of equipment and property	-	250,000
Miscellaneous loans	-	74,615
Collection on loans to affiliates	-	1,935,526
Net cash provided (used) by investing activities	<u>-</u>	<u>2,259,047</u>

	<u>2002</u>	<u>2001</u>
Cash flows from financing activities:		
Redemption of stock	\$ -	\$ (2,000,000)
Additional capital paid in	<u>680,000</u>	<u>400,000</u>
Net cash used in financing activities	<u>680,000</u>	<u>(1,600,000)</u>
Decrease in cash	(58,875)	(106,255)
Cash and cash equivalents at beginning of year	<u>77,441</u>	<u>183,696</u>
Cash and cash equivalents at end of year	<u>\$ 18,566</u>	<u>\$ 77,441</u>
Supplemental cash flows disclosures:		
Income tax payments	<u>\$ -</u>	<u>\$ 760</u>
Interest paid	<u>\$ 224,220</u>	<u>\$ 298,390</u>

The accompanying notes are an integral part of these financial statements.

INTERPACIFIC INVESTORS SERVICES, INC.

Notes to Financial Statements
September 30, 2002 and 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Interpacific Investors Services, Inc. (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of operations

The Company is a securities dealer trading securities for customers through independent sales representatives and trading securities in its own name for its own benefit. All trades are cleared on a fully disclosed basis through an independent brokerage firm.

Basis of presentation

The financial statements include the accounts of the Company and its wholly owned subsidiary. The Company is engaged in a single line of business as a securities broker-dealer, which comprises several classes of services.

Accounting method

Customers' securities transactions are recorded on a settlement date basis with related commission income and expenses recorded on a settlement date basis. Securities transactions of the Company are recorded on a settlement date basis.

Marketable securities are valued at market value and securities not readily marketable are valued at fair value as determined by management. The resulting difference between cost and market (or fair value) is included in income.

INTERPACIFIC INVESTORS SERVICES, INC.

Notes to Financial Statements

September 30, 2002 and 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Deferred income taxes result from unrealized gains or losses in the market values of investment and trading securities, from reporting securities transactions on a settlement date basis for tax purposes, and from depreciation differences.

Cash and cash equivalents

For the purposes of the statements of cash flows, the Company considers all cash on hand, cash on deposit, and cash invested in financial instruments with an original maturity date of three months or less to be cash and cash equivalents.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - NET CAPITAL REQUIREMENTS

As of September 30, 2002 and 2001 respectively, net capital computed in accordance with Rule 15c3-1 of the Securities Exchange Act of 1934 was approximately \$327,061 and \$394,436 and minimum net capital required under the rule was \$250,000.

The net capital rule prohibits a broker or dealer from engaging in any securities transactions at a time when aggregate indebtedness to all other persons exceeds fifteen times its net capital. The ratio of aggregate indebtedness to net capital was approximately 0.12 to 1 as of September 30, 2002 and 0.10 to 1 as of September 30, 2001.

INTERPACIFIC INVESTORS SERVICES, INC.

Notes to Financial Statements

September 30, 2002 and 2001

NOTE 3 - TRADING SECURITIES OWNED

Trading securities owned consist of the following:

	2002	2001
Municipal bonds	\$ 122,016	\$ 1,420,528
Corporate bonds	1,302,006	2,056,467
Emerging market bonds	-	2,619,575
Corporate stocks	2,331	1,357
	<u>\$ 1,426,353</u>	<u>\$ 6,097,927</u>

NOTE 4 - INVESTMENTS

At September 30, 2002 and 2001, the Company has a \$7,490 investment in a wholly owned subsidiary. The subsidiary was formed in 1995 and its activity has been insignificant through September 30, 2002 and 2001.

NOTE 5 - COMMITMENTS

At September 30, 2002, the Company is obligated under leases for office space as follows: A month-to-month lease commencing April 1, 2000 with monthly lease payments of \$5,104. The lease is with an affiliated corporation.

Rent expense for leased space for the years ended September 30, 2002 and 2001 was \$61,071 and \$61,429, respectively.

NOTE 6 - RELATED PARTY TRANSACTIONS

The Company is affiliated with numerous other companies through common control and stock ownership. The amount due to affiliates at September 30, 2002 and 2001 is \$0 and \$0, respectively. The amount receivable from affiliates is \$4,100 and \$3,690 for 2002 and 2001.

Affiliate receivables and payables consist of non-interest bearing open account balances.

INTERPACIFIC INVESTORS SERVICES, INC.

Notes to Financial Statements

September 30, 2002 and 2001

NOTE 6 - RELATED PARTY TRANSACTIONS (continued)

Management fees paid to Interpacific Investor Services, LLC, a related company, for services rendered to the Company, totaled \$720,000 each year.

See Note 4 and 5 for additional related party transactions.

NOTE 7 - CONTINGENT LIABILITY

The Internal Revenue Service has assessed the Company for back taxes in the amount of \$312,940. Of this amount, \$52,121 has been paid and \$99,813 has been accrued. The Company is protesting an unpaid amount of \$260,819. At September 30, 2002, the case was lost in appeals and has been filed with the tax court. No determination has been made.

NOTE 8 - INCOME TAXES

The Company records income tax consequences in accordance with FAS No.109, "Accounting for Income Taxes." Under provisions of FAS No. 109, an entity recognizes deferred tax assets and liabilities for future tax consequences of events that have been previously recognized in the Company's financial statements or tax returns. The measurement of deferred tax assets and liabilities is based on provisions of the enacted tax law. The effects of future changes in tax laws or rates are not anticipated.

For the years ended September 30, 2002 and 2001, the Company's income tax expense computed at the statutory rate differs from the amount of the income and expenses recorded on the financial statements due to non-reportable income and expenses, such as municipal bond interest, unrealized gain or loss on investment, trading securities, and the timing differences relating to the methods of computing depreciation expense for financial statement purposes and income tax purposes.

At September 30, 2002 and 2001, deferred tax assets and liabilities consist of the following:

	<u>2002</u>	<u>2001</u>
Deferred tax assets	\$ 522,000	\$ 212,000
Valuation allowance	<u>(365,500)</u>	<u>(148,500)</u>
	<u>\$ 156,500</u>	<u>\$ 63,500</u>

INTERPACIFIC INVESTORS SERVICES, INC.

Notes to Financial Statements

September 30, 2002 and 2001

NOTE 8 - INCOME TAXES (continued)

As of September 30, 2002, the company has available for carry-forward to future tax years \$3,481,444 of net operating losses as follows:

<u>Date of expiration</u>	<u>Amount</u>
2008	\$ 7,925
2012	300
2014	418,829
2016	985,738
2017	<u>2,068,652</u>
	<u>\$3,481,444</u>

NOTE 9 - PAYABLE TO BROKERS AND DEALERS

The payable to brokers and dealers is for securities transactions and is collateralized by securities. Interest is at a fluctuating rate (7.875% at September 30, 2002) that generally corresponds to the broker call money rate.

NOTE 10 - SECURITIES SOLD, NOT YET PURCHASED

Securities sold, not yet purchased consists of:

	<u>2002</u>	<u>2001</u>
Corporate bonds	\$ 21,918	\$ 1,928
Corporate stocks	<u>4,600</u>	<u>4,100</u>
	<u>\$ 26,518</u>	<u>\$ 6,028</u>

NOTE 11 - REDEMPTION OF STOCK

In 2001, the Company redeemed 4,000 shares of its capital stock for \$2,000,000.

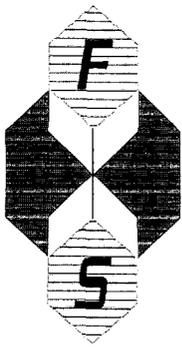
INTERPACIFIC INVESTORS SERVICES, INC.

Notes to Financial Statements
September 30, 2002 and 2001

NOTE 12 - PRIOR PERIOD ADJUSTMENT

The 2001 financial statements have been restated to reflect the estimated income tax benefit associated with the net operating loss of \$1,412,792. The estimated tax benefit for the year ended September 30, 2001 was \$44,000 and is reflected in the Statements of Income. The estimated tax benefit relating to periods prior to the year ended September 30, 2001 was \$19,500 and is reflected as an adjustment to the retained earnings balance at September 30, 2000 in the Statements of Changes to Stockholder's Equity.

* * * *



FALCO SULT & COMPANY

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION REQUIRED BY RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION

To the Board of Directors and Stockholder's of
Interpacific Investors Services, Inc.

We have audited the accompanying financial statements of Interpacific Investors Services, Inc. as of and for the year ended September 30, 2002 and have issued our report thereon dated November 13, 2002. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in pages 15 to 28 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 under the Securities and Exchange Act of 1934. 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.

Falco Sult & Company, PLLC

FOCUS REPORT

FORM
X-17A-5

(Financial and Operational Combined Uniform Single Report)

Part IIA Quarterly 17a-5(a)

INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17

COVER

Select a filing method:

Basic Alternate [0011]

Name of Broker Dealer: INTERPACIFIC INVESTORS SERVICE
[0013]

SEC File Number: 8- 15487

Address of Principal Place of Business: 2623 2ND AVENUE
[0020]

[0014]

SEATTLE WA 98121-
1294
[0021] [0022] [0023]

Firm ID: 4879
[0015]

For Period Beginning 07/01/2002 And Ending 09/30/2002
[0024] [0025]

Name and telephone number of person to contact in regard to this report:

Name: Gregory D. Munroe Phone: 206 269-5050
[0030] [0031]

Name(s) of subsidiaries or affiliates consolidated in this report:

Name: _____ Phone: _____
[0032] [0033]

Name: _____ Phone: _____
[0034] [0035]

Name: _____ Phone: _____
[0036] [0037]

Name: _____ Phone: _____
[0038] [0039]

Does respondent carry its own customer accounts? Yes [0040] No [0041]

Check here if respondent is filing an audited report [0042]

ASSETS

		Consolidated <input type="radio"/> [0198]	Unconsolidated <input checked="" type="radio"/> [0199]			
		Allowable		Non-Allowable	Total	
1.	Cash	<u>17,778</u>			<u>17,778</u>	
		[0200]			[0750]	
2.	Receivables from brokers or dealers:					
	A. Clearance account	<u>764,959</u>				
		[0295]				
	B. Other	<u> </u>		<u> </u>	<u>764,959</u>	
		[0300]		[0550]	[0810]	
3.	Receivables from non-customers	<u> </u>		<u> </u>	<u>0</u>	
		[0355]		[0600]	[0830]	
4.	Securities and spot commodities owned, at market value:					
	A. Exempted securities	<u>1,209,111</u>				
		[0418]				
	B. Debt securities	<u>67,656</u>				
		[0419]				
	C. Options	<u> </u>				
		[0420]				
	D. Other securities	<u>2,331</u>				
		[0424]				
	E. Spot commodities	<u> </u>			<u>1,279,098</u>	
		[0430]			[0850]	
5.	Securities and/or other investments not readily marketable:					
	A. At cost	<u> </u>				
		[0130]				
	B. At estimated fair value	<u> </u>		<u> </u>	<u>0</u>	
		[0440]		[0610]	[0860]	
6.	Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:	<u> </u>		<u> </u>	<u>0</u>	
		[0460]		[0630]	[0880]	
	A. Exempted					

LIABILITIES AND OWNERSHIP EQUITY

	Liabilities	A.I. Liabilities	Non-A.I. Liabilities	Total
13.	Bank loans payable			0
		[1045]	[1255]	[1470]
14.	Payable to brokers or dealers:			
	A. Clearance account		1,395,633	1,395,633
		[1114]	[1315]	[1560]
	B. Other			0
		[1115]	[1305]	[1540]
15.	Payable to non-customers			0
		[1155]	[1355]	[1610]
16.	Securities sold not yet purchased, at market value			0
			[1360]	[1620]
17.	Accounts payable, accrued liabilities, expenses and other	255,502		255,502
		[1205]	[1385]	[1685]
18.	Notes and mortgages payable:			
	A. Unsecured			0
		[1210]		[1690]
	B. Secured			0
		[1211]	[1390]	[1700]
19.	Liabilities subordinated to claims of general creditors:			
	A. Cash borrowings:			0
			[1400]	[1710]
	1. from outsiders			
		[0970]		
	2. Includes equity subordination (15c3-1(d)) of			
		[0980]		
	B. Securities borrowings, at market value:			0
			[1410]	[1720]
	from outsiders			

	[0990]		
C.	Pursuant to secured demand note collateral agreements:		0
		[1420]	[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		0
		[1430]	[1740]
E.	Accounts and other borrowings not qualified for net capital purposes		0
	[1220]	[1440]	[1750]
20.	TOTAL LIABILITIES	255,502	1,651,135
		[1230]	[1760]

Ownership Equity

		Total
21.	Sole proprietorship	[1770]
22.	Partnership (limited partners [1020])	[1780]
23.	Corporations:	
A.	Preferred stock	[1791]
B.	Common stock	5,254
		[1792]
C.	Additional paid-in capital	2,397,071
		[1793]
D.	Retained earnings	-1,928,075
		[1794]
E.	Total	474,250
		[1795]
F.	Less capital stock in treasury	

24.	TOTAL OWNERSHIP EQUITY	[1796]
		<u>474,250</u>
		[1800]
25.	TOTAL LIABILITIES AND OWNERSHIP EQUITY	
		<u>2,125,385</u>
		[1810]

EXEMPTIVE PROVISIONS

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based

- A. (k) (1)--Limited business (mutual funds and/or variable annuities only) [4550]
- B. (k) (2)(i)--"Special Account for the Exclusive Benefit of customers" maintained [4560]
- C. (k) (2)(ii)--All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm(s) [4570]

Clearing Firm SEC#s	Name	Product Code
8- <u>42167</u> [4335A]	<u>CORRESPONDENT SERVICES CORPORA</u> [4335A2]	<u>All</u> [4335B]
8- _____ [4335C]	_____	_____ [4335D]
8- _____ [4335E]	_____	_____ [4335F]
8- _____ [4335G]	_____	_____ [4335H]
8- _____ [4335I]	_____	_____ [4335J]

- D. (k) (3)--Exempted by order of the Commission [4580]

COMPUTATION OF NET CAPITAL

1.	Total ownership equity from Statement of Financial Condition		<u>474,250</u>	
			[3480]	
2.	Deduct ownership equity not allowable for Net Capital		<u></u>	
			[3490]	
3.	Total ownership equity qualified for Net Capital		<u>474,250</u>	
			[3500]	
4.	Add:			
	A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		<u>0</u>	
			[3520]	
	B. Other (deductions) or allowable credits (List)			
		<u></u>	<u></u>	
		[3525A]	[3525B]	
		<u></u>	<u></u>	
		[3525C]	[3525D]	
		<u></u>	<u></u>	
		[3525E]	[3525F]	
			<u>0</u>	
			[3525]	
5.	Total capital and allowable subordinated liabilities		<u>474,250</u>	
			[3530]	
6.	Deductions and/or charges:			
	A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	<u>31,971</u>	<u></u>	
		[3540]		
	B. Secured demand note deficiency	<u></u>	<u></u>	
			[3590]	
	C. Commodity futures contracts and spot commodities - proprietary capital charges	<u></u>	<u></u>	
			[3600]	
	D. Other deductions and/or charges	<u>979</u>	<u>-32,950</u>	
		[3610]	[3620]	
7.	Other additions and/or credits (List)			
		<u></u>	<u></u>	
		[3630A]	[3630B]	
		<u></u>	<u></u>	
		[3630C]	[3630D]	
		<u></u>	<u></u>	
		[3630E]	[3630F]	
			<u>0</u>	
			[3630]	
8.	Net capital before haircuts on securities positions		<u>441,300</u>	
			[3640]	
9.	Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):			

16.	Total A.I. liabilities from Statement of Financial Condition	<u>255,502</u> [3790]
17. Add:		
A.	Drafts for immediate credit	<u> </u> [3800]
B.	Market value of securities borrowed for which no equivalent value is paid or credited	<u> </u> [3810]
C.	Other unrecorded amounts(List)	
	<u> </u>	<u> </u>
	[3820A]	[3820B]
	<u> </u>	<u> </u>
	[3820C]	[3820D]
	<u> </u>	<u> </u>
	[3820E]	[3820F]
		<u> </u>
		0
	[3820]	[3830]
19.	Total aggregate indebtedness	<u>255,502</u> [3840]
20.	Percentage of aggregate indebtedness to net capital (line 19 / line 10)	% <u> </u> 77 [3850]

OTHER RATIOS

21.	Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	% <u> </u> 0 [3860]
-----	--	--

SCHEDULED WITHDRAWALS

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual	Name of Lender or Contributor	Insider or Outsider	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	Withdrawal or Maturity Date (MMDDYYYY)	Expect to Renew
[4600]	[4601]	[4602]	[4603]	[4604]	[4605]
[4610]	[4611]	[4612]	[4613]	[4614]	[4615]
[4620]	[4621]	[4622]	[4623]	[4624]	[4625]
[4630]	[4631]	[4632]	[4633]	[4634]	[4635]
[4640]	[4641]	[4642]	[4643]	[4644]	[4645]
[4650]	[4651]	[4652]	[4653]	[4654]	[4655]
[4660]	[4661]	[4662]	[4663]	[4664]	[4665]
[4670]	[4671]	[4672]	[4673]	[4674]	[4675]
[4680]	[4681]	[4682]	[4683]	[4684]	[4685]
[4690]	[4691]	[4692]	[4693]	[4694]	[4695]
		TOTAL	0		
		\$	[4699]		

Omit Pennies

Instructions Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

Withdrawal Code	Description
1	Equity Capital
2	Subordinated Liabilities
3	Accruals
4	15c3-1(c)(2)(iv) Liabilities

STATEMENT OF CHANGES

 STATEMENT OF CHANGES IN OWNERSHIP EQUITY
 (SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1.	Balance, beginning of period		1,291,009
			[4240]
A.	Net income (loss)		-1,171,975
			[4250]
B.	Additions (includes non-conforming capital of		355,216
		[4262])	[4260]
C.	Deductions (includes non-conforming capital		
	of	[4272])	[4270]
2.	Balance, end of period (From item 1800)		474,250
			[4290]

 STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
 TO CLAIMS OF GENERAL CREDITORS

3.	Balance, beginning of period		[4300]
A.	Increases		[4310]
B.	Decreases		[4320]
4.	Balance, end of period (From item 3520)		0
			[4330]

INTERPACIFIC INVESTORS SERVICES, INC.
 Computation of Net Capital Under Rule 15c3-1 of the
 Securities and Exchange Commission
 September 30, 2002 and 2001

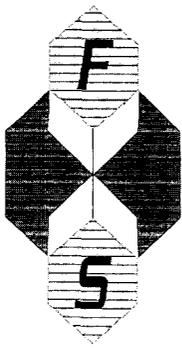
	2002	2001
Net Capital		
Total stockholder's equity qualified for net capital	\$ 647,671	\$ 1,894,549
Deduction and/or changes:		
Non-allowable assets		
Account receivable-miscellaneous	40,642	-
Prepaid expenses	19,105	15,949
Investments	7,490	7,490
Receivable from affiliates	4,100	3,690
Deferred tax asset	156,500	63,500
Other adjustments	1,766	-
	229,603	90,629
Net capital before haircuts on securities positions	418,068	1,803,920
Haircut on securities (computed, where applicable, pursuant to Rule 15c3-1(f)):		
C. Trading and investment securities		
3. State and municipal government obligations	71,275	136,520
4. Corporate obligations	14,507	975,015
8. Other securities	350	205
	86,132	1,111,739
D. Undue concentration	4,875	297,747
Net capital	\$ 327,061	\$ 394,434
Aggregate indebtedness		
Items included in statement of financial condition:		
Accounts payable, accrued expenses, and other liabilities	\$ 261,485	\$ 120,879
Accrued commissions	51,332	176,546
Income tax payable	99,813	99,813
Total aggregate indebtedness	\$ 412,630	\$ 397,238

(see independent auditors' report)

INTERPACIFIC INVESTORS SERVICES, INC.
 Computation of Net Capital Under Rule 15c3-1 of the
 Securities and Exchange Commission
 September 30, 2002 and 2001

	2002	2001
Computation of Basic Net Capital Requirement		
Minimum net capital required	<u>\$ 250,000</u>	<u>\$ 250,001</u>
Excess net capital	<u>\$ 77,061</u>	<u>\$ 144,433</u>
Excess net capital at 1000%	<u>\$ 285,798</u>	<u>\$ 354,713</u>
Percentage: Aggregate indebtedness to net capital	<u>12.62%</u>	<u>10.07%</u>
Percentage: Aggregate indebtedness to net capital after anticipated capital withdrawals	<u>12.62%</u>	<u>10.07%</u>
Reconciliation With Company's Computation (included in Part IIA of Form X-17a-5 as of September 30, 2002)		
Net capital, as reported in Company's Part II (Unaudited)		
FOCUS report	\$ 333,061	\$ 563,041
Audit adjustment decreasing equity	(174,402)	119,430
Audit adjustment decreasing haircuts on securities	(17,230)	22,046
Audit adjustments increasing non-allowable assets:		
Prepaid taxes, deposits, investments	41,132	27,129
Deferred tax asset	<u>156,500</u>	<u>-</u>
Net capital as computed per this schedule	<u>\$ 327,061</u>	<u>\$ 394,436</u>

(see independent auditors' report)



FALCO SULT & COMPANY

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE REQUIRED BY SEC RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION

November 13, 2002

To the Board of Directors and Stockholder's of
Interpacific Investors Services, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of Interpacific Investors Services, Inc. (the Company), for the years ended September 30, 2002 and 2001, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company that we considered relevant to the objectives stated in rule 17a-5(g) in making periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c-3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of the Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be

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Interpacific Investors Services, Inc.
November 13, 2002

expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control 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 accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of the inherent limitations in any internal control or the practices and procedures referred to above, errors or fraud 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 internal control would not necessarily disclose all matters in internal control 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 components does not reduce to a relatively low level the risk that errors or fraud 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 internal control, including control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand the practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC 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 objective in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at September 30, 2002 and 2001 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Falco Sult Company, PLLC

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INTERPACIFIC INVESTORS SERVICES, INC.

**FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION**

FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001



FALCO SULT & COMPANY
Certified Public Accountants

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