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

VF 9-19-02

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

SEC FILE NUMBER  
8- 028456

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 7/1/01 AND ENDING 6/30/02  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: SLS Securities Limited Partnership

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

405 Forest Street, Suite 112

(No. and Street)

Oconomowoc

(City)

WI

(State)

THOMSON  
FINANCIAL  
(Zip Code)

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PROCESSED

SEP 20 2002

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

Louis J. Morgan II

262-567-7876

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Virchow, Krause & Company, LLP

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

115 S. 84th Street, Suite 400

(Address)

Milwaukee

(City)

WI

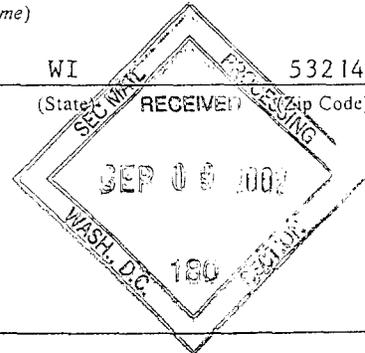
(State)

53214

(Zip Code)

CHECK ONE:

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



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\*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)

SEC 1410 (06-02)

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VF 9-19-02

OATH OR AFFIRMATION

I, Louis J. Morgan II, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SLS Securities Limited Partnership, as of June 30, 20 02, 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  
C.F.O.  
Title

\_\_\_\_\_  
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 Proprietors' 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 15c3-3 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).

**SLS SECURITIES LIMITED PARTNERSHIP**

Oconomowoc, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

June 30, 2002

# SLS SECURITIES LIMITED PARTNERSHIP

BALANCE SHEET  
June 30, 2002

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<b>ASSETS</b>	
<b>ASSETS</b>	
Cash	\$ 133,879
Receivable from broker	2,006,153
Securities owned, at market value	1,013,640
Other assets	<u>112,520</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,266,192</u></b>
<b>LIABILITIES AND PARTNERS' DEFICIT</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 26,145
Securities sold, not yet purchased - at market value	<u>74,700</u>
	100,845
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>	
Subordinated borrowings	<u>3,500,000</u>
Total Liabilities	<u>3,600,845</u>
<b>PARTNERS' DEFICIT</b>	<u>(334,653)</u>
<b>TOTAL LIABILITIES AND PARTNERS' DEFICIT</b>	<b><u>\$ 3,266,192</u></b>

See accompanying notes to financial statements.



**Virchow Krause  
& company**

INDEPENDENT AUDITORS' REPORT

Board of Directors  
SLS Securities Limited Partnership  
Oconomowoc, Wisconsin

We have audited the accompanying balance sheet of SLS Securities Limited Partnership as of June 30, 2002 and the related statements of operations and partners' deficit, changes in subordinated borrowings and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities and 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 SLS Securities Limited Partnership as of June 30, 2002 and the results of its operations and its 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 supplemental information provided, as identified in the table of contents, 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 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.

*Virchow, Krause, Company, LLP*

Milwaukee, Wisconsin  
August 8, 2002