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SECURITIES AND COMMISSION
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FINANCIAL

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

SEC FILE NUMBER
8-46620

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 1/1/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
MidSouth Capital, Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

601 Woodlawn Drive Suite 300
(No. and Street)
Marietta GA 30067
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Paul C. LaVielle 770-973-9748
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

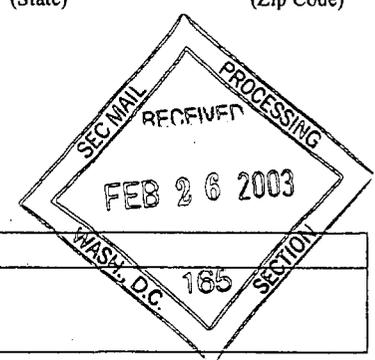
INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

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

750 Hammond Drive Building 17 Atlanta GA 30328
(Address) (City) (State) (Zip Code)

CHECK ONE:

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



FOR OFFICIAL USE ONLY

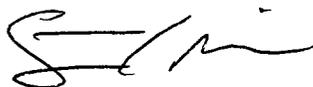
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

093-13

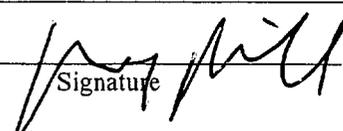
OATH OR AFFIRMATION

I, Mark D. Hill, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MidSouth Capital, Inc., as of December 31, 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:

Notary Public, Fulton County, Georgia
My Commission Expires November 30, 2004



Notary Public


Signature
President
Title

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of ~~Income (Loss)~~ OPERATIONS
- (d) Statement of ~~Changes in Financial Condition~~ CASH FLOWS
- (e) Statement of Changes in Stockholders' Equity ~~of Sole Proprietors' Capital~~
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors. 1
- (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.
- (o) Independent Auditors' Report On Internal Control Structure

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

1 Registrant has elected to include required information in footnotes to the financial statements.



AGEE FISHER

MIDSOUTH CAPITAL, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
(with report of independent auditors)
YEARS ENDED DECEMBER 31, 2002 AND 2001

MIDSOUTH CAPITAL, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2002 AND 2001

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AGEE FISHER

INDEPENDENT AUDITORS' REPORT

Board of Directors
MidSouth Capital, Inc.
Marietta, Georgia

We have audited the accompanying statements of financial position of MidSouth Capital, Inc. (the Company) as of December 31, 2002 and 2001, and the related statements of operations, changes in stockholders' equity, changes in subordinated borrowings, 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 audits.

We conducted our audits 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 audits provide 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 MidSouth Capital, Inc. as of December 31, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the accompanying index is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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.

Agee Fisher, LLC.
January 23, 2003

MIDSOUTH CAPITAL, INC.

 STATEMENTS OF FINANCIAL CONDITION
 DECEMBER 31, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 209,783	\$ 141,742
Receivables	207,069	206,137
Deposits with clearing organizations	150,470	69,378
Deferred tax asset	<u>98,000</u>	<u>63,000</u>
Total current assets	665,322	480,257
Furniture and equipment, net	23,977	15,992
Deferred tax asset	-0-	70,000
Deposits	<u>974</u>	<u>974</u>
	<u>\$ 690,273</u>	<u>\$ 567,223</u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Line of credit	\$ 88,705	\$ 95,937
Account payable and accrued expenses	299,587	233,623
Preferred stock dividends payable	<u>3,356</u>	<u>11,822</u>
Total current liabilities	391,648	341,382
Rental deposits	<u>2,100</u>	<u>2,100</u>
	<u>393,748</u>	<u>343,482</u>
Stockholders' equity:		
Preferred stock; no par value, 1,000 shares authorized; 28 shares issued and outstanding	284,158	284,158
Common stock; no par value, 100,000 shares authorized; 64,612 and 65,788 shares issued and outstanding at December 31, 2002 and 2001	182,979	192,979
Contributed capital	7,492	7,492
Accumulated deficit	<u>(178,104)</u>	<u>(260,888)</u>
Total stockholders' equity	<u>296,525</u>	<u>223,741</u>
	<u>\$ 690,273</u>	<u>\$ 567,223</u>

See notes to financial statements and auditors' report.

MIDSOUTH CAPITAL, INC.

 STATEMENTS OF OPERATIONS
 YEARS ENDED DECEMBER 31, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
Revenues:		
Fee income	\$ 5,011,354	\$ 3,106,227
Insurance recovery	<u>340,047</u>	<u>-0-</u>
	<u>5,351,401</u>	<u>3,106,227</u>
Expenses:		
Commission expenses	3,178,792	1,865,084
Clearing costs	628,881	393,025
Other operating expenses	331,914	252,694
Employee compensation and benefits	823,465	605,126
Depreciation expense	7,524	7,306
Occupancy	105,645	80,494
Registration fees	43,517	43,757
Interest	9,507	8,059
Communications	<u>83,857</u>	<u>89,653</u>
	<u>5,213,102</u>	<u>3,345,198</u>
Net income (loss) from operations	138,299	(238,971)
Other income:		
Interest	<u>4,527</u>	<u>4,266</u>
Net income (loss) before income taxes	142,826	(234,705)
Income taxes:		
Deferred income tax (expense) benefit	<u>(35,000)</u>	<u>133,000</u>
NET INCOME (LOSS)	<u>\$ 107,826</u>	<u>\$ (101,705)</u>

See notes to financial statements and auditors' report.

MIDSOUTH CAPITAL, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2002 AND 2001

	Capital Stock		Contributed Capital	Subscription Note From Director	Accumulated Deficit	Total Stockholders' Equity	
	Preferred	Common					
	Shares	Amount	Shares	Amount			
Balances, January 1, 2001	13	\$ 134,158	49,500	\$ 120,579	\$ 7,492	\$ (138,211)	\$ 110,439
Net loss						(101,705)	(101,705)
Payment on subscription note from director					13,579		13,579
Issuance of common stock			16,288	72,400			72,400
Issuance of preferred stock	15	150,000					150,000
Cash dividends paid on preferred stock						(20,972)	(20,972)
Balances, December 31, 2001	28	284,158	65,788	192,979	7,492	(260,888)	223,741
Net income						107,826	107,826
Redemption of common stock			(1,176)	(10,000)			(10,000)
Cash dividends paid on preferred stock						(25,042)	(25,042)
Balances, December 31, 2002	28	\$ 284,158	64,612	\$ 182,979	\$ 7,492	\$ (178,104)	\$ 296,525

See notes to financial statements and auditors' report.

MIDSOUTH CAPITAL, INC.

STATEMENTS OF CHANGES IN SUBORDINATED BORROWINGS
YEARS ENDED DECEMBER 31, 2002 AND 2001

Subordinated liabilities at January 1, 2001	\$	-0-
Increases:		
Issuance of subordinated notes		-0-
Decreases:		
Payment of subordinated notes		<u>-0-</u>
Subordinated liabilities at December 31, 2001		-0-
Increases:		
Issuance of subordinated notes		-0-
Decreases:		
Payment of subordinated notes		<u>-0-</u>
Subordinated liabilities at December 31, 2002	\$	<u><u>-0-</u></u>

See notes to financial statements and auditors' report.

MIDSOUTH CAPITAL, INC.

 STATEMENTS OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002	2001
Operating activities:		
Net income (loss)	\$ 107,826	\$ (101,705)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Loss on disposal of furniture and equipment	-0-	(247)
Depreciation expense	7,524	7,306
Changes in operating assets and liabilities:		
Receivables	(932)	(32,306)
Deposits with clearing organizations	(81,092)	(19,165)
Deferred tax asset	35,000	(133,000)
Prepaid expenses	-0-	2,551
Deposits	-0-	483
Accounts payable and accrued expenses	65,964	133,961
Rental deposits	-0-	2,100
Net cash provided by (used in) operating activities	134,290	(140,022)
Investing activities:		
Proceeds from sale of furniture and equipment	820	5,000
Purchase of furniture and equipment	(16,329)	(4,125)
Net cash (used in) provided by investing activities	(15,509)	875
Financing activities:		
Cash received on preferred stock issuance	-0-	150,000
Cash received on common stock issuance	-0-	72,400
Net repayment on line of credit	(7,232)	(5,316)
Redemption of common stock	(10,000)	-0-
Payment of stockholder subscription	-0-	13,579
Dividends on preferred stock	(33,508)	(9,999)
Net cash (used in) provided by financing activities	(50,740)	220,664
Net increase in cash and cash equivalents:	68,041	81,517
Cash and cash equivalents, beginning of year	141,742	60,225
Cash and cash equivalents, end of year	\$ 209,783	\$ 141,742
Cash paid during the year:		
Interest	\$ 9,507	\$ 8,059
Income taxes	\$ -0-	\$ -0-

See notes to financial statements and auditors' report.

MIDSOUTH CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2002 AND 2001

1. Summary of Significant Accounting Policies:

Description of Business

MidSouth Capital, Inc. (the Company) is an independent investment banking company headquartered in Marietta, Georgia. The Company's products and services include stocks, bonds, mutual funds, unit investment trusts, government securities, retirement plans, annuities, private investment opportunities, insurance products and corporate finance activities. The Company is a member of the National Association of Securities Dealers.

Securities Transactions

Customers' securities and commodities transactions are reported on a settlement date basis with related commission income and expenses reported on a settlement date basis, which approximates a trade date basis. Accounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the statement of financial condition.

Cash and Cash Equivalents

The Company defines cash equivalents as highly liquid investments, with original maturities of less than 90 days, that are not held for sale in the ordinary course of business.

Furniture and Equipment

Furniture and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is provided by the straight-line method over the estimated useful lives of the depreciable assets.

Income Taxes

Deferred income taxes are provided using a liability method. Under the liability method, deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in future periods based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Concentrations of Credit Risk

The Company is engaged in various trading and brokerage activities in which counter parties primarily include broker-dealers. In the event counterparts do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterpart or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterpart.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MIDSOUTH CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2002 AND 2001

2. Furniture and Equipment:

	2002	2001
Furniture	\$ 11,094	\$ 8,549
Computer equipment	59,171	52,313
Communication equipment	6,106	-0-
	76,371	60,862
Less accumulated depreciation	(52,394)	(44,870)
	\$ 23,977	\$ 15,992

3. Line of Credit:

At December 31, 2002, the Company has borrowings of approximately \$89,000 under a line of credit arrangement. The current interest rate is the prevailing prime interest rate plus one percent. Interest is payable monthly, with the principal due on demand. The line is subject to an annual renewal. The line of credit is collateralized by all assets of the Company. The maximum allowable advance under the line of credit is \$100,000.

4. Stockholders' Equity:

The rights and preference of preferred stock are established by the Company's Board of Directors upon issuance. The preferred stock has a stated and redemption value of \$10,000 per share, bears a dividend rate of 10% and is redeemable at the Company's option.

5. Income Taxes:

The components of the provision for income taxes are as follows:

	2002	2001
Deferred:		
Federal	72,000	114,000
State	26,000	19,000
Total income tax benefit	\$ 98,000	\$ 133,000

The Company has available at December 31, 2002 \$211,000 of unused operating loss carryforwards that may be applied against future taxable income, and that expire in the years 2020 and 2021.

6. Related Party Transactions:

At December 31, 2002, other receivables includes \$28,500 of advances to officers of the Company, who are also stockholders.

MIDSOUTH CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2002 AND 2001

7. Operating Leases:

The Company leases the office space it currently occupies under an operating lease which expires in March 2004. Minimum future rental payments under this non-cancelable operating lease as of December 31, 2002, for each year and in the aggregate are:

2003	\$	57,636
2004		<u>11,029</u>
	\$	<u>68,665</u>

Total rent expense recorded for 2002 and 2001 is \$105,645 and \$91,107. Sublease rental received is \$26,858 in 2002 and \$12,140 in 2001.

8. Net Capital Requirements:

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (15c3-1) (the "Rule"), which requires the maintenance of minimum net capital. The Rule prohibits the Company from engaging in securities transactions at any time the Company's net capital, as defined by the Rule, is less than \$5,000, or if the ratio of aggregate indebtedness to net capital, both as defined, exceeds 15 to 1 (and the rule of "applicable" exchange provides that equity capital may not be withdrawn, or cash dividends paid, if the resulting net capital ratio exceeds 10 to 1).

At December 31, 2002, the Company has net allowable capital of \$128,082, which was \$101,832 in excess of the required net capital of \$26,250. The Company's aggregate indebtedness to net capital ratio is 3.07 to 1 as of December 31, 2002.

Receivables from related parties, deferred tax assets, and furniture and equipment reflected in the accompanying financial statements are not allowable assets for the purpose of computing minimum net capital under the Rule.

The Company's exemption from the reserve requirements of Rule 15c3-1 (Customer Protection Rule) is under the provisions of Paragraph (k)(2)(ii), in that the Company does not hold customer funds or securities, and all customer funds received in connection with private placements and limited partnership offerings are immediately deposited in a restricted escrow account handled by a commercial bank.

MIDSOUTH CAPITAL, INC.

 COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
 OF THE SECURITIES AND EXCHANGE COMMISSION
 DECEMBER 31, 2002

NET CAPITAL

Total stockholders' equity	\$ 296,525
Deduct stockholders' equity not allowable for net capital	<u>-0-</u>
Total stockholders' equity qualified for net capital	296,525
Add:	
Subordinated borrowings allowable in computation of net capital	-0-
Other (deductions) or allowable credits-deferred income taxes payable	<u>-0-</u>
Total capital and allowable subordinated liabilities	296,525
Deductions and/or charges:	
Non-allowable assets:	
Securities not readily marketable	-0-
Exchange memberships	-0-
Furniture and equipment	23,977
Other assets	144,403
Additional charges for customers' and non-customers' security accounts	-0-
Additional charges for customers' and non-customers' commodity accounts	-0-
Aged fails-to-deliver	-0-
Aged short security differences	-0-
Secured demand note deficiency	-0-
Commodity futures contracts and spot commodities – propriety capital charges	-0-
Other deductions and/or charges	<u>-0-</u>
Net capital before haircuts on securities positions (tentative net capital)	128,145
Haircuts on securities:	
Contractual securities commitments	-0-
Securities collateralizing secured demand notes	-0-
Trading and investment securities:	
Bankers' acceptances, certificates of deposit, and commercial paper	-0-
U.S. and Canadian government obligations	-0-
State and municipal government obligations	-0-
Corporate obligations	-0-
Stocks and warrants	-0-
Options	-0-
Undue concentrations	-0-
Other	<u>63</u>
Net capital	<u>\$ 128,082</u>

(Continued)

MIDSOUTH CAPITAL, INC.

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION (CONTINUED)
DECEMBER 31, 2002

AGGREGATE INDEBTEDNESS

Items included in statement of financial condition:

Short-term bank loans (secured by customers' securities)	\$	88,705
Drafts payable		-0-
Payable to brokers and dealers		280,854
Payable to clearing broker		-0-
Payable to customers		-0-
Other accounts payable and accrued expenses		24,189

Items not included in statement of financial condition:

Market value of securities borrowed for which no equivalent value is paid or credited		-0-
Other unrecorded amounts		-0-

Total aggregate indebtedness \$ 393,748

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required \$ 26,250

Excess net capital at 1500%	\$	101,832
Excess net capital at 1000%	\$	88,707
Ratio: Aggregate indebtedness to net capital		3.07 to 1

RECONCILIATION WITH COMPANY'S COMPUTATION (included in Part II of Form
X-17A-5 as of December 31, 2002)

Net capital, as reported in the Company's Part II (unaudited) FOCUS report	\$	157,637
Net audit adjustments		<u>(29,555)</u>
Net capital per above	\$	<u>128,082</u>

See notes to financial statements and auditors' report.



AGEE FISHER

**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL STRUCTURE**

Board of Directors
MidSouth Capital, Inc.
Marietta, Georgia

In planning our audit of the financial statements of MidSouth Capital, Inc. (the Company) for the year ended December 31, 2002, we considered its internal control structure 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 and Exchange Commission (SEC), we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by MidSouth Capital, Inc., that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for the prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 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 SEC'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 principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any 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 elements 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 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 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 objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe the Company's practices and procedures were adequate at December 31, 2002 to meet the SEC's objectives.

This report is intended solely for the use of management, the SEC and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934, and is not intended to be, and should not be, used for anyone other than these specified parties.


January 23, 2003