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

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

SEC FILE NUMBER  
8-28474  
RECEIVED  
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SECTION

REPORT FOR THE PERIOD BEGINNING January 1, 2002 AND ENDING December 31, 2002  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: First Wall Street Corp

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

1200 Prospect Street, Suite 350  
(No. and Street)

LaJolla, CA 92037  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Charles P. Lazzaro (858)454-355±

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

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

Rushall, Reital & Randall, Certified Public Accountants  
(Name - if individual, state last, first, middle name)

400 South Sierra Avenue, Suite 200 Solana Beach, CA 92075

(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED

MAR 13 2003

FOR OFFICIAL USE ONLY THOMSON FINANCIAL

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

MAR 12 2003

OATH OR AFFIRMATION

I, Charles P. Lazzaro, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of First Wall Street Corp, 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:



Handwritten signature of Kim Kiefer, Notary Public

Handwritten signature of Charles P. Lazzaro, Signature Charles P. Lazzaro, President, Title

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

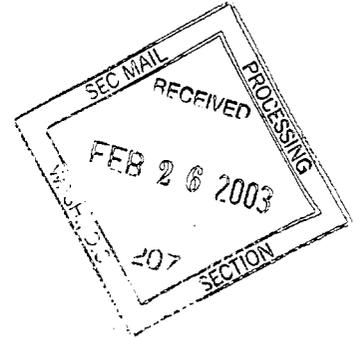
- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(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.
X (o) Independent auditors report on internal accounting control.

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

FIRST WALL STREET CORPORATION

December 31, 2002 and 2001

CONTENTS



	<u>Page</u>
Facing page	1
Oath or affirmation	2
Independent Auditors' Report	3
Financial statements:	
Statements of financial condition	4-5
Statements of income	6
Statements of cash flows	7-8
Statements of changes in shareholder's equity	9
Statement of changes in liabilities subordinated to claims of general creditors	10
Notes to financial statements	11-14
Supplementary information:	
Computation of net capital pursuant to Rule 15c3-1	15
Computation of net capital requirement pursuant to Rule 15c3-3	16
Schedule of reconciliation pursuant to Rule 17a-5(d)(4)	17-18
Independent Auditors' Report on Internal Accounting Control	19-20

# RUSHALL REITAL & RANDALL

CERTIFIED PUBLIC ACCOUNTANTS

400 SOUTH SIERRA AVENUE  
SUITE 200  
P.O. BOX 643  
SOLANA BEACH, CA 92075

PHONE (858) 755-5131

FAX (858) 755-5374

## Independent Auditors' Report

Board of Directors  
First Wall Street Corporation  
La Jolla, California

We have audited the accompanying statements of financial condition of First Wall Street Corporation (an S Corporation) as of December 31, 2002 and 2001 and the related statements of income, cash flows, changes in shareholder's equity, and changes in liabilities subordinated to claims of general creditors, 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 generally accepted auditing standards. Those standards require that we plan and perform the audits 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 First Wall Street Corporation 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 generally accepted accounting principles in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained on pages 15 through 20 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 and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audits 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.

*Rushall Reital & Randall*

February 13, 2003

FIRST WALL STREET CORPORATION  
STATEMENTS OF FINANCIAL CONDITION

December 31, 2002 and 2001

ASSETS		
	<u>2002</u>	<u>2001</u>
Current assets		
Cash and cash equivalents	\$ 444,159	\$ 524,370
Commissions receivable	704,550	739,320
Other receivables	0	13,526
Prepaid expenses	170,708	130,743
Prepaid taxes	10,493	7,340
	1,329,910	1,415,299
Property and equipment		
Furniture and fixtures	143,642	128,581
Automobile	82,149	82,149
Less accumulated depreciation	(187,334)	(158,096)
	38,457	52,634
Other assets		
Deposits	6,275	6,275
	\$ 1,374,642	\$ 1,474,208

See accompanying notes to financial statements.

FIRST WALL STREET CORPORATION  
STATEMENTS OF FINANCIAL CONDITION

December 31, 2002 and 2001

LIABILITIES AND SHAREHOLDER'S EQUITY

	<u>2002</u>	<u>2001</u>
Current liabilities		
Accounts payable and accrued expenses	\$ 609,944	\$ 587,266
Deferred income taxes	4,500	4,500
	<u>614,444</u>	<u>591,766</u>
Shareholder's equity		
Common stock, no par value; 10,000,000 shares authorized, 600,000 shares issued and outstanding	60,000	60,000
Retained earnings	700,198	822,442
	<u>760,198</u>	<u>882,442</u>
	<u>\$ 1,374,642</u>	<u>\$ 1,474,208</u>

See accompanying notes to financial statements.

FIRST WALL STREET CORPORATION  
STATEMENTS OF INCOME

Years Ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Commissions earned	\$ 11,777,039	\$ 11,739,420
Interest and dividends earned	311,803	288,103
Loss on sale of trading securities	<u>(5,515)</u>	<u>(34,143)</u>
	12,083,327	11,993,380
Salaries and related expenses	9,094,481	8,317,465
Brokerage, clearing and exchange fees	1,276,218	1,480,304
Occupancy and equipment rental	158,708	151,183
Other administrative expenses	138,426	138,169
Insurance	149,225	104,925
Communications	33,888	47,718
Professional and other fees	126,312	69,614
Loss on legal settlements	376,806	305,999
Loss on abandonment of assets	<u>0</u>	<u>50,168</u>
	<u>11,354,064</u>	<u>10,665,545</u>
Income before taxes	729,263	1,327,835
Income tax expense		
Current	11,507	21,760
Deferred	<u>0</u>	<u>0</u>
	<u>11,507</u>	<u>21,760</u>
Net income	<u>\$ 717,756</u>	<u>\$ 1,306,075</u>

See accompanying notes to financial statements.

FIRST WALL STREET CORPORATION  
STATEMENTS OF CASH FLOWS

Years Ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Net income	\$ 717,756	\$ 1,306,075
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on abandonment of assets	0	50,168
Depreciation	29,238	39,745
(Increase) decrease in assets:		
Commissions receivable	34,770	(19,853)
Prepaid expenses	(39,965)	(29,627)
Prepaid taxes	(3,153)	(7,340)
Other receivables	13,526	2,060
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	22,678	93,171
Cash overdraft	0	(171,785)
Income tax payable	0	(4,019)
Net cash provided by operating activities	<u>774,850</u>	<u>1,258,595</u>
Cash flows from investing activities:		
Purchases of equipment and furniture	<u>(15,061)</u>	<u>(5,286)</u>
Net cash used by investing activities	<u>(15,061)</u>	<u>(5,286)</u>
Cash flows from financing activities:		
Dividends paid	<u>(840,000)</u>	<u>(1,430,000)</u>
Net cash used by financing activities	<u>(840,000)</u>	<u>(1,430,000)</u>
Net decrease in cash	(80,211)	(176,691)
Beginning cash and cash equivalents	<u>524,370</u>	<u>701,061</u>
Ending cash and cash equivalents	<u>\$ 444,159</u>	<u>\$ 524,370</u>

See accompanying notes to financial statements.

FIRST WALL STREET CORPORATION  
STATEMENTS OF CASH FLOWS

Years Ended December 31, 2002 and 2001

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SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

No interest was paid during the years ended December 31, 2002 and 2001.

Income taxes paid during the years ended December 31, 2002 and 2001 were \$14,660 and \$33,119, respectively.

See accompanying notes to financial statements.

FIRST WALL STREET CORPORATION  
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

Years Ended December 31, 2002 and 2001

	Number of Common Shares Outstanding	Common Stock	Retained Earnings	Total
Balance at December 31, 2000	600,000	\$ 60,000	\$ 946,367	\$ 1,006,367
Dividends paid	0	0	(1,430,000)	(1,430,000)
Net income	0	0	1,306,075	1,306,075
Balance at December 31, 2001	600,000	60,000	822,442	882,442
Dividends paid	0	0	(840,000)	(840,000)
Net income	0	0	717,756	717,756
Balance at December 31, 2002	<u>600,000</u>	<u>\$ 60,000</u>	<u>\$ 700,198</u>	<u>\$ 760,198</u>

See accompanying notes to financial statements.

FIRST WALL STREET CORPORATION  
STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIM OF GENERAL CREDITORS

Years Ended December 31, 2002 and 2001

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There were no liabilities subordinated to the claim of general creditors as of December 31, 2002 and 2001.

See accompanying notes to financial statements.

FIRST WALL STREET CORPORATION  
NOTES TO FINANCIAL STATEMENT

Years Ended December 31, 2002 and 2001

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NOTE A: NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

First Wall Street Corporation (the "Company") was formed in 1982 and is a licensed securities broker-dealer under the jurisdiction of the NASD (National Association of Securities Dealers, Inc.). The Company operates as an introducing broker and sells investments to clients. The investment sales generate commissions to the Company. Most of the Company's clients are located in the Southern California area.

In July of 1997, the Company elected to be taxed under the provisions of Subchapter "S" of the Internal Revenue Code. Under "S" Corporation status, the annual taxable income and losses of the Company are reported by the shareholder on their individual Federal and State income tax returns. No Federal income tax liability will be reflected in the financial statements.

Property and equipment

Property and equipment are recorded at cost. Depreciation is provided by the straight-line method over statutory periods. The Modified Accelerated Cost Recovery System (MACRS) is being used for income tax purposes.

Cash and cash equivalents

The Company considers cash and investments with maturity dates of three months or less at the date of investment to be cash and cash equivalents.

Concentrations of credit risk

During the years ended December 31, 2002 and 2001, the Company maintained some of their cash in deposit accounts that are not federally insured. The amount of cash that was not federally insured totaled \$246,406 and \$365,199, as of December 31, 2002 and 2001, respectively.

The majority of commissions receivable as of December 31, 2002 and 2001 are due from Wedbush Morgan Securities.

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.

FIRST WALL STREET CORPORATION  
NOTES TO FINANCIAL STATEMENT

Years Ended December 31, 2002 and 2001

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NOTE B: NET CAPITAL REQUIREMENTS

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2002 and 2001, the Company had net capital of \$534,435 and \$671,924, respectively, and a net capital requirement of \$100,000 for the years ended December 31, 2002 and 2001.

NOTE C: SECURITIES INVESTOR PROTECTION CORPORATION MEMBERSHIP

The Company is a member in good standing of the Securities Investor Protection Corporation.

NOTE D: CLEARING AGREEMENT

The Company entered into an agreement in September of 1982 with Morgan, Olmstead, Kennedy & Gardner which became Wedbush Morgan Securities in 1988 whereby all security transactions are cleared through Wedbush Morgan Securities.

NOTE E: LEASE COMMITMENTS

The Company has commitments under operating leases with remaining noncancellable terms in excess of one year at December 31, 2002, pertaining to rental of office space and equipment. The lease for office space expires in the year 2004. The aggregate annual rentals for office space and equipment at December 31, 2002 are approximately as follows:

Year Ending December 31,

2003	\$159,000
2004	<u>82,000</u>
	<u>\$241,000</u>

Total approximate rent expense for premises and equipment aggregated approximately \$159,000 and \$151,000 for the years ended December 31, 2002 and 2001, respectively.

FIRST WALL STREET CORPORATION  
NOTES TO FINANCIAL STATEMENT

Years Ended December 31, 2002 and 2001

NOTE F: INCOME TAXES

The provision for income taxes at December 31, 2002 and 2001 is as follows:

	<u>2002</u>		
	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ 0	\$ 0	\$ 0
State	<u>11,507</u>	<u>0</u>	<u>11,507</u>
	<u>\$ 11,507</u>	<u>\$ 0</u>	<u>\$ 11,507</u>
	<u>2001</u>		
	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ 0	\$ 0	\$ 0
State	<u>21,760</u>	<u>0</u>	<u>21,760</u>
	<u>\$ 21,760</u>	<u>\$ 0</u>	<u>\$ 21,760</u>

The Company's total deferred tax assets, deferred tax liabilities, and deferred tax asset valuation allowances at December 31, 2002 and 2001 are as follows:

	<u>2002</u>	<u>2001</u>
Total deferred tax liabilities	<u>\$ 13,100</u>	<u>\$ 11,100</u>
Total deferred tax assets	8,600	6,600
Less: valuation allowance	<u>0</u>	<u>0</u>
	<u>8,600</u>	<u>6,600</u>
Net deferred tax liability	<u>\$ 4,500</u>	<u>\$ 4,500</u>

FIRST WALL STREET CORPORATION  
NOTES TO FINANCIAL STATEMENT

Years Ended December 31, 2002 and 2001

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NOTE F: INCOME TAXES, continued

These amounts have been presented in the Company's financial statements as follows:

	<u>2002</u>	<u>2001</u>
Deferred income taxes-current	\$ 4,500	\$ 4,500
Deferred income taxes-noncurrent	<u>0</u>	<u>0</u>
Net deferred tax liability	<u>\$ 4,500</u>	<u>\$ 4,500</u>

Deferred income taxes result from the differences between book and tax income. The timing differences relate principally to commission income and expense reported on a cash basis for tax purposes.

NOTE G: PROFIT SHARING PLAN

The Company established a qualified 401(K) plan for all employees over the age of 21 employed on July 1, 1997. Other employees will become eligible after completing one year of service with the Company. Participants may contribute up to 20% of their pay, subject to certain statutory limits. The Company may also make discretionary matching contributions. Employees' contributions are vested immediately and employer contributions are vested over six years of service with the Company. The Company made no contributions for the years ended December 31, 2002 and 2001.

NOTE H: CONTINGENCIES

There are no significant legal proceedings against the Company with respect to matters arising in the ordinary course of business. In the opinion of management, no material liability exists with respect to these contingencies.

FIRST WALL STREET CORPORATION  
COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1

Years Ended December 31, 2002 and 2001

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	<u>2002</u>	<u>2001</u>
Total shareholder's equity	\$ 760,198	\$ 882,442
Deduct shareholder's equity not allowable	<u>0</u>	<u>0</u>
Total shareholder's equity qualified for net capital	760,198	882,442
Total liabilities subordinated to claims of general creditors allowable in computation of net assets	0	0
Total non-allowable assets	<u>225,933</u>	<u>210,518</u>
Net capital before haircuts on securities positions	534,265	671,924
Less haircuts on securities	<u>0</u>	<u>0</u>
Net capital	<u>\$ 534,265</u>	<u>\$ 671,924</u>

See accompanying notes to financial statements.

FIRST WALL STREET CORPORATION  
COMPUTATION OF NET CAPITAL REQUIREMENT PURSUANT TO RULE 15c3-3

For the Year Ended December 31, 2002

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Minimum net capital requirement (6.67% of current liabilities)	\$ 40,983	
Minimum dollar net capital required	100,000	
Net capital requirement - (the larger of the required net capital)		<u>\$ 100,000</u>
Net capital for year ended December 31, 2002	534,265	
Net capital requirement	<u>100,000</u>	
Excess net capital	<u>\$ 434,265</u>	
Excess net capital at 100% (less 10% of total aggregate indebtedness)		<u>\$ 372,821</u>

COMPUTATION OF AGGREGATE INDEBTEDNESS

Total liabilities from statement of financial condition	<u>\$ 614,444</u>
Total aggregate indebtedness	<u>\$ 614,444</u>
Ratio: Aggregate indebtedness to net capital	<u>1.15</u>

See accompanying notes to financial statements.

FIRST WALL STREET CORPORATION  
SCHEDULE OF RECONCILIATION PURSUANT TO RULE 17a-5(d)(4)

Year Ended December 31, 2002

Reconciliation of computation of net capital pursuant to Rule 15c3-1

	Dealer's Unaudited Report <u>12/31/02</u>	Audited Report <u>12/31/02</u>	<u>Difference</u>
Total stockholder's equity	\$ 730,197	\$ 760,198	\$ (30,001)
Deduct stockholder's equity not allowed	<u>0</u>	<u>0</u>	<u>0</u>
Total stockholder's equity qualified for net capital	730,197	760,198	(30,001)
Total non-allowable liabilities	0	0	0
Total non-allowable assets	<u>182,739</u>	<u>225,933</u>	<u>(43,194)</u>
Net capital before haircuts on securities positions	547,458	534,265	13,193
Haircuts on securities	<u>0</u>	<u>0</u>	<u>0</u>
Net capital	<u>\$ 547,458</u>	<u>\$ 534,265</u>	<u>\$ 13,193</u>

Schedule A - Reconciliation of stockholder's equity

Net loss per unaudited statement	\$ (115,966)
Decrease in brokerage, clearing and exchange fees	2,939
Increase in administration expenses	(2,602)
Increase in salaries expense	0
Decrease in income tax expenses	3,153
Increase in depreciation expense	(9,768)
Decrease in dividend expense	<u>840,000</u>
Net income, audited report	717,756
Capital stock	60,000
Dividends paid	(840,000)
Retained earnings, December 31, 2001	<u>822,442</u>
Total shareholder's equity	<u>\$ 760,198</u>

See accompanying notes to financial statements.

FIRST WALL STREET CORPORATION  
SCHEDULE OF RECONCILIATION PURSUANT TO RULE 17a-5(d)(4), continued

Year Ended December 31, 2002

	Dealer's Unaudited Report <u>12/31/02</u>	Audited Report <u>12/31/02</u>	<u>Difference</u>
Schedule B - Reconciliation of non-allowable liabilities:			
Liabilities subordinated to claims of general creditors	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Schedule C - Reconciliation of non-allowable assets:			
Other receivables	\$ 0	\$ 0	\$ 0
Property and equipment - net	46,277	38,457	(7,820)
Security deposits	0	6,275	6,275
Prepaid expense	<u>136,462</u>	<u>181,201</u>	<u>44,739</u>
Total non-allowable assets	<u>\$ 182,739</u>	<u>\$ 225,933</u>	<u>\$ 43,194</u>
Reconciliation of computation of net capital requirement pursuant to Rule 15c3-3			
Minimum net capital requirement (6.67% of current liabilities)	\$ 40,097	\$ 40,983	\$ 886
Minimum dollar net capital required	100,000	100,000	0
Net capital requirement	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 0</u>
Net capital for year ended December 31, 2002	\$ 547,458	\$ 534,265	\$ 13,193
Net capital requirement	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Excess net capital	<u>\$ 447,458</u>	<u>\$ 434,265</u>	<u>\$ 13,193</u>

The difference of \$13,193 is due to the difference of net income explained in the schedule of reconciliation of net capital pursuant to Rule 15c3-1.

# RUSHALL REITAL & RANDALL

CERTIFIED PUBLIC ACCOUNTANTS

400 SOUTH SIERRA AVENUE  
SUITE 200  
P.O. BOX 643  
SOLANA BEACH, CA 92075

PHONE (858) 755-5131  
FAX (858) 755-5374

## Independent Auditors' Report on Internal Accounting Control

The Board of Directors  
First Wall Street Corporation  
La Jolla, California

We have examined the financial statements of First Wall Street Corporation for the year ended December 31, 2002, and have issued our report thereon dated February 13, 2003. As part of our examination, we made a study and evaluation of the system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and Rule 17a-5 of the Securities and Exchange Commission. This study and evaluation included the accounting system, the procedures for safeguarding securities, and the practices and procedures followed by the client (I) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and (II) in safeguarding securities which are received for transmittal to the clearing organization.

The company is exempt from compliance with Rule 15c3-3 under Rule 15c3-3(k)(2)(b). Nothing came to our attention indicating that the conditions of this exemption were not complied with during the year.

Rule 17a-5 contemplates that the scope of the review and tests should be sufficient to provide reasonable assurance that any material weakness existing at the date of our examination would be disclosed. Under these standards and that Rule the purposes of such evaluation are to establish a basis for reliance thereon in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to provide a basis for reporting material weaknesses in internal accounting control.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining the accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management. However, for purposes of this report under Rule 17a-5, the cost-benefit relationship has been disregarded in determining weaknesses to be reported.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to risk that the procedures may become inadequate because of changes in conditions, and that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of First Wall Street Corporation taken as a whole. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

We understand that practices and procedures that accomplish those 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 and Exchange Act of 1934 and related regulations, and the practices and procedures that do not accomplish such objectives in all material respects indicate material inadequacy for such purposes. Based on this understanding and on my study, we believe that the Company's practices and procedures were adequate at December 31, 2002 to meet the Commission's objectives.

We express our sincere appreciation for the courtesy and cooperation extended to us by the officer of the Corporation.

This report is intended solely for the use of management, the Securities and Exchange Commission, the New York Stock Exchange 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.

*Russell Reital & Ransdall*

February 13, 2003