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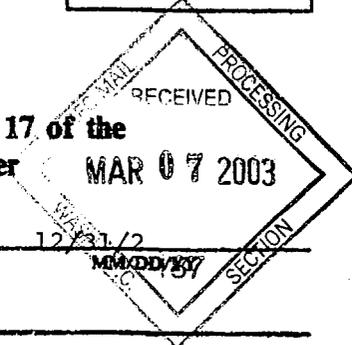
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

FACING PAGE

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



REPORT FOR THE PERIOD BEGINNING 1/1/2 AND ENDING 12/31/2
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

First Midwest Securities, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

1233 N. Mayfair Rd., Suite 17

(No. and Street)

Wauwatosa, WI 53213

(City)

(State)

(Zip Code)

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

James Linna

(414) 778-1091

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

William Matthews, CPA, SC

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

14040 W. Capitol Dr., Brookfield, WI 53005

(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 24 2003

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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 21 2003

SEC 1410 (3-91)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, James Linna, 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 Midwest Securities, 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:

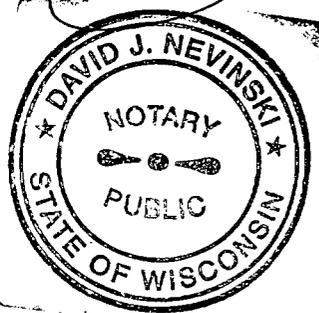
[Signature]

Signature
C. E. O.

Title

[Signature]

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).

FIRST MIDWEST SECURITIES. INC

ANNUAL AUDIT REPORT

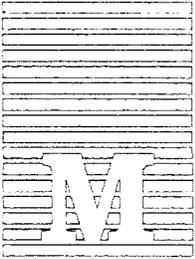
DECEMBER 31, 2002 and DECEMBER 31, 2001

FIRST MIDWEST SECURITIES, INC

DECEMBER 31, 2002 and DECEMBER 31, 2001

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**WILLIAM
MATTHEWS
C.P.A., S.C.**

INDEPENDENT AUDITOR'S REPORT

February 27, 2003

To the Board of Directors of
First Midwest Securities, Inc.

We have audited the accompanying statements of financial position of First Midwest Securities, Inc. as of December 31, 2002 and 2001 and the related statements of operations and retained earnings (deficit) 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 generally accepted auditing standards. 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. Management's procedures for safeguarding securities have also been reviewed. 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 First Midwest Securities, 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 generally accepted accounting principles.

Mailing Address:
P.O. Box 790
Elm Grove, WI 53122-0790
www.wmcpa.com

WILLIAM MATTHEWS C.P.A., S.C.
CERTIFIED PUBLIC ACCOUNTING

Corporate Location:
14040 West Capitol Drive
Brookfield, WI 53005
262-373-5000
Fax 262-373-5007
800-729-0712

FIRST MIDWEST SECURITIES, INC.
Statement of Financial Position
As of December 31, 2002 and December 31, 2001

Assets	December 31, 2002			December 31, 2001		
	Allowable	Non- Allowable	Total	Allowable	Non- Allowable	Total
Current Assets:						
Cash - note 3	\$98,206	\$1,579	\$99,785	\$78,766	\$1,214	\$79,980
Commissions and related Receivables- note 4	94,271	70,312	164,583	101,116	2,301	103,416
Due from parent company - note 5		0	0		(10,293)	(10,293)
Other assets and receivables		3,300	3,300		14,505	14,505
Prepaid fees		39,435	39,435		15,479	15,479
Deferred tax benefit		13,632	13,632		15,150	15,150
Total Current Assets	192,477	128,258	320,735	179,881	38,356	218,237
Other Assets:						
Security deposit with clearing house	56,578		56,578	56,229		56,229
TOTAL ASSETS	\$249,055	\$128,258	\$377,313	\$236,110	\$38,356	\$274,466
Liabilities and Stockholders Equity						
Current Liabilities:						
Commission payable - note 5			\$156,042			\$92,973
Accounting fees payable			4,200			3,750
Management fees payable - note 5			10,946			7,996
Federal income taxes payable to parent - note 6			(24,802)			(26,364)
State income taxes payable - note 6						
Arbitration decision note payable - note 12						
Total Liabilities			\$146,386			\$78,355
Stockholders Equity:						
Common stock - no par value, 15,000 shares authorized; 12,073 and 9,540 shares issued and outstanding in 2001 and 2000 respectively - note 8			\$229,435			\$229,434
Retained earnings (deficit)			1,493			(33,323)
TOTAL STOCKHOLDERS EQUITY			\$230,927			\$196,111
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY			\$377,313			\$274,466

The accompanying notes are part of these financial statements

FIRST MIDWEST SECURITIES, INC.
Statement of Operations and Retained Earnings (Deficit)
For the Years Ended December 31, 2002 and December 31, 2001

	For the Years Ended Dec. 31	
	2002	2001
Revenue:		
Securities commissions - Listed stock	\$ 43,159	\$ 474,813
- OTC stock	2,146,846	426,055
- Mutual funds	727,034	573,540
- Options	101,927	25,283
- Bonds	96,236	27,284
Total securities commissions	3,115,202	1,526,975
Variable annuity commissions	261,797	183,230
Private placements fees	0	0
Limited partnership commissions	33,818	5,375
Due diligence fees	2,592	0
Inventory - trading profits	75,737	(7,816)
Life insurance commissions	26,344	481
Registered investment advisory fees	36,102	22,045
Miscellaneous income	16,789	54,003
Total Revenues	3,568,381	1,784,293
Expenses:		
Commissions to parent company - note 2	\$ 3,064,493	\$ 1,519,536
Management fees to parent company - note 5	148,887	96,114
Principal Clearance	176,935	-
Quote service rental	40,398	57,624
Registration fees	11,360	20,402
Rent and storage - note 5	58,424	40,595
Signature guarantee service	965	920
Travel	11,977	10,358
Other general and administrative expenses-page 12	122,312	140,399
Total Expenses	3,635,751	1,885,948
Operating Income (Loss)	\$ (67,370)	\$ (101,655)
Other Income (Expense)		
Interest income	85,533	5,386
Interest expense	0	0
Postage reimbursements	19,732	0
Unrealized asset depreciation (appreciation)	0	10,748
Bad debts	0	(1,430)
Total Other Income (Expense)	105,265	14,704
Income before Taxes	\$ 37,895	\$ (86,951)
Income Tax Expense (Credit) - note 6	3,080	(33,193)
Net Income (Loss) for the Year	\$ 34,815	\$ (53,758)
Retained Earnings - Beginning of Year	(33,323)	20,435
Retained Earnings (Deficit) - End of Year	\$ 1,492	\$ (33,323)

The accompanying notes are part of these financial statements

FIRST MIDWEST SECURITIES, INC.
Statement of Cash Flows
For the Years Ended December 31, 2001 and December 31,2000

	For the Year Ended Dec. 31.	
	2001	2000
Cash flow from Operating Activities		
Net income (loss)	\$ 34,815	\$ (53,758)
Adjustments to reconcile net income to net cash provided by operating activities:		
Decrease (increase) in deferred tax benefit	1,518	(5,617)
Change in current assets and liabilities		
Decrease (increase) in		
Commissions and related receivables	(61,167)	15,051
Due from parent company - note 5	(10,293)	10,895
Investment in common stock - trading, at cost	11,205	(6,847)
Prepaid fees	(23,956)	7,174
Increase (decrease) in		
Commissions payable - note 5	63,069	(9,385)
Accounting fees payable	450	(450)
Management fees payable - note 5	2,951	(843)
Federal income taxes due parent - note 6	1,562	(27,576)
State income taxes payable - note 6	0	0
Accrued interest on subordinated loan - note 6		
Arbitration decision note payable - note 12	0	0
Net cash provided by (used for) operating activities	20,154	(71,356)
Cash Flow from Financing Activities		
Increase in security deposits	(349)	7,101
Purchase of treasury stock		57,192
Principal reductions of subordinated loan		
Proceeds from issuance of common stock	0	
Net cash provided by (used for) financing activities	(349)	64,293
Net increase (decrease) in cash	19,805	(7,063)
Cash at beginning of year	79,980	87,043
Cash at end of year- note 3	\$ 99,785	\$ 79,980

The accompanying notes are part of these financial statements

FIRST MIDWEST SECURITIES, INC.

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

Note I - Summary of Significant Accounting Policies

Nature of Operations

First Midwest Securities, Inc. introduces and forwards, as a broker, all transactions and accounts of customers to another broker or dealer who carries such accounts on a fully disclosed basis. First Midwest Securities, Inc. promptly forwards all funds received from customers in connection with its activities as a broker.

Basis of Statement Preparation

The company's accounts are maintained on the accrual basis of accounting. As such, revenues are recognized when earned, and expenses and related liabilities are recorded in the period incurred.

Use of Estimates

The preparation of the accompanying financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenue, and expenses. Actual results may differ from these estimates.

Uncollectible Accounts

No allowance for uncollectible accounts has been provided since it is believed that the balance in accounts receivable is fully collectible.

Security Valuation

Investments in securities traded on a national securities exchange (or reported on NASDAQ national market) are stated at the last reported sales price on the day of valuation. The first-in, first-out method is used to determine the cost of each security at the time of sale. These securities are subject to off balance sheet risk due to the fact that market values are unpredictable.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due, plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. For the years ended December 31, 2002 and December 31, 2001 these differences relate to operating loss carry-forwards, unrealized depreciation on securities, and an arbitration decision that is not deductible for tax purposes until it is paid. The deferred tax assets and liabilities are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse.

FIRST MIDWEST SECURITIES, INC.

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

Advertising

Advertising costs are charged to operations when incurred and amounted to \$1,513 and (\$26) for 2002 and 2001 respectively.

Note 2 - Corporate History

First Midwest Securities, Inc. was formally known as Ablestrong Securities, Inc. Ablestrong Securities, Inc. was incorporated in 1987 and was a wholly owned subsidiary of Ablestrong Financial Group, Inc. In November 1989, The Investment Company, Inc. acquired Ablestrong Securities, Inc. On December 12, 1989, Ablestrong Securities, Inc. changed its name to First Midwest Securities, Inc.

First Midwest Securities, Inc. is registered as a licensed broker to deal in securities.

Note 3 - Cash

The following is a summary of cash as of December 31, 2002 and December 31, 2001

	December 31, 2002			Dec. 31, 2001
	<u>Allowable</u>	<u>Non-Allowable</u>	<u>Total</u>	<u>Total</u>
Checking	\$ 20,836	\$ 0	\$ 20,836	\$ 19,263
Money market	0	0	0	0
Risk trading account	77,370	1,579	78,949	60,717
Total	\$ 98,206	\$ 1,579	\$ 99,785	\$ 79,980

Note 4 - Commissions and Related Receivables

The following is a summary of commissions and related receivables as of December 31, 2001 and December 31, 2000:

	December 31, 2002		Total	December 31, 2001	
	<u>Allowable</u>	<u>Non-allowable</u>		<u>Total</u>	
Securities commissions:					
Mutual fund commissions	\$ 2,252	\$ 10,439	12,691	\$ 39,906	
Clearing Houses	90,424		90,424	62,151	
Due Diligence		92	92	0	
Total	\$ 92,676	\$ 10,531	\$ 103,207	\$ 102,058	

FIRST MIDWEST SECURITIES, INC.

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

Note 4 - Commissions and Related Receivables(cont'd)

	<u>December 31, 2002</u>			<u>December 31, 2001</u>
	<u>Allowable</u>	<u>Non-allowable</u>	<u>Total</u>	<u>Total</u>
Variable annuity commissions	\$ 1,596	\$ 9,182	10,778	\$ 5
Limited Partnerships	0	10,368	10,386	
Other Receivables	0	40,229	40,229	1,265
Total	<u>\$ 94,272</u>	<u>70,312</u>	<u>\$ 164,583</u>	<u>\$ 103,416</u>

Note 5 - Related Party Transactions: Due from (to) Parent Company

The following is a summary of the amounts to be collected from (paid to) First Midwest Securities, Inc.'s parent company (The Investment Company, Inc.):

	<u>December 31</u>	
	<u>2002</u>	<u>2001</u>
Broker's fees	\$	\$ (10,293)
Corporate income tax receivable (payable)		
Federal	\$ (24,802)	\$ (26,364)
Total	<u>\$ (24,802)</u>	<u>\$ (36,657)</u>

Rent

First Midwest Securities, Inc. leases office space on an informal month-to-month basis from its parent company (The Investment Company, Inc.).

For the years ended December 31, 2002 and December 31, 2001 rent expense amounted to \$58,424 and \$40,595, respectively.

Commissions

First Midwest Securities, Inc. pays commissions to its parent company (The Investment Company, Inc.), who employs the related individual brokers. The amount due to the parent is generally 91% of all commissions and advisory fees earned by First Midwest Securities, Inc. For the years ended December 31, 2002 and December 31, 2001, commission expense under this arrangement amounted to \$3,064,493 and \$1,519,536 respectively. Commissions payable to the parent company as of December 31, 2002 and December 31, 2001, amounted to \$156,042 and \$92,973, respectively.

FIRST MIDWEST SECURITIES, INC.

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

Note 5-Related Party Transactions (Cont'd)

Management Fees

First Midwest Securities, Inc. pays management fees to its parent company (The Investment Company, Inc.). The fees are paid on an informal basis, and are based on a percentage of revenue earned, but can be waived altogether by the parent company if the funds are not available.

For the years ended December 31, 2002 and December 31, 2001, management fees expense amounted to \$148,887 and \$96,114, respectively. Management fees payable as of December 31, 2002 and December 31, 2001, amounted to \$10,946 and \$7,996, respectively.

Other

First Midwest Securities, Inc. pays its parent company (The Investment Company, Inc.) for telephone expenses incurred, and for its share of consolidated federal income taxes (See Also Notes 6 and 9).

Note 6- Income Taxes

First Midwest Securities, Inc. files a consolidated federal income tax return with its parent company (The Investment Company, Inc.). Income taxes reflected in these financial statements include only First Midwest Securities, Inc.'s portion of the total income taxes of the consolidated return.

The following are the components of income tax expenses for 2002 and 2001:

	December 31, 2002		December 31 2001	
	Federal	State	Total	Total
Income tax payable	\$ 4,057	\$ (14,609)	\$ (10,549)	(48,383)
Deferred income tax	<u>(1,044)</u>	<u>14,676</u>	<u>13,632</u>	<u>15,150</u>
Total income tax expense	\$ <u>3,013</u>	\$ <u>.67</u>	\$ <u>3,083</u>	<u>\$(33,193)</u>

For the year ended December 31, 2002 it is reasonably certain that the temporary differences relating to taxable income and accounting income will reverse in future years. Therefore, no valuation allowance is needed. Using a combined federal and State tax rate of 31.3%, the deferred tax assets amounted to:

FIRST MIDWEST SECURITIES, INC.

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

Note 6-Income Taxes (Cont'd)

	December 31, 2002			Dec. 31, 2001
	Federal	State	Total	Total
<u>Deferred tax asset:</u>				
Net operating losses	\$ (3,467)	\$ 16,919	\$ 13,632	\$ 15,150
Timing Differences	<u>0</u>	<u>0</u>	<u>0</u>	<u>(0)</u>
Total	\$ <u>(3,467)</u>	\$ <u>16,919</u>	\$ <u>13,632</u>	\$ <u>15,150</u>

Note 7 - Net Capital

First Midwest Securities, Inc. introduces and forwards, as a broker, all transactions and accounts of customers to another broker or dealer who carries such accounts on a fully disclosed basis. First Midwest Securities, Inc. promptly forwards all funds received from customers in connection with its activities as a broker.

The net capital requirements (in accordance with Section 15c3-1 of Securities and Exchange Commission Rules) are \$50,000, for brokers who receive securities, but who do not generally carry customers' accounts. First Midwest Securities, Inc. has complied with these requirements for the years ended December 31, 2002 and December 31, 2001.

Because First Midwest Securities, Inc. cleared all customer transactions through another broker-dealer on a fully disclosed basis, the Company is exempt from having to provide information relating to the possession or control requirements in accordance with Section 15c3-3 of the SEC Rules.

Note 8 - Stockholders' Equity

For the years ended December 31, 2002 and 2001, there were 15,000 shares authorized of no par value common stock. For the year ended December 31, 2002 and 2001, there were 12,073 and 12,073 shares issued and outstanding respectively.

The company sold 2,533 shares of its no par value common stock to its sole shareholder (the parent company) during June and July of 2001 as follows:

	Shares	Price per Share	Amount
	2,400	\$22.58	54,192
	<u>133</u>	\$22.58	<u>3,000</u>
Totals	<u>2,533</u>		\$ <u>57,192</u>

Note 9 - Additional Cash Flow Disclosures

There were no outlays for income taxes during December 31 2002, and December 31, 2001. Cash outlays for interest paid during 2002 and 2001 amounted to \$ 0 and \$0 respectively.

FIRST MIDWEST SECURITIES, INC.

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

Note 10 - Concentration of Credit Risk and Revenue

The company maintains its cash at various financial institutions. The balances, at times, may exceed federally insured limits. At December 31, 2002 and 2001, the company exceeded the insured limit by \$0 and \$ 0 respectively.

Note 11 - Disclosures About Fair Value of Financial Instruments

The carrying amount of all financial instruments as reported in the accompanying statements of financial position is equal to the fair value for these same financial instruments as of December 31, 2002.

February 27, 2003

To the Board of Directors of
First Midwest Securities, Inc.

The accompanying financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Our audit of the basic financial statements was made for the purpose of forming an opinion on those statements taken as a whole. The accompanying financial information has been subjected to the same procedures applied to the audit of the related basic financial statements.

In our opinion, the accompanying financial information fairly stated in all material respects in relation to the basic financial statements taken as a whole.

FIRST MIDWEST SECURITIES, INC.
Schedule of Other General and Administrative Expenses
For the Years Ended December 31, 2002 and December 31, 2001

	For the years ended December 31	
	2002	2001
Other General and Administrative Expenses		
Accounting	\$ 13,085	\$ 10,691
Advertising	1,513	(26)
Dues and subscriptions	14,425	1,821
Website and educational expenses	46,435	255
Insurance	(16,787)	883
Legal Fees	3,541	83,045
Miscellaneous	6,539	9,328
Office supplies	11,657	8,105
Postage	11,876	8,585
Repairs, maintenance and property taxes	0	135
Telephone	30,028	17,576
Total Expenses	\$ <u>122,312</u>	\$ <u>140,399</u>

The accompanying notes are part of these financial statements

FIRST MIDWEST SECURITIES, INC.
Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2002 and December 31, 2001

	For the years ended December 31	
	2002	2001
Balance at beginning of year	\$ 196,111	\$ 192,678
Add: Net income (loss)	34,815	(53,758)
Issuance of common stock	0	
Deduct: Purchase of treasury stock	0	57,192
Balance at end of year	<u>\$ 230,926</u>	<u>\$ 196,111</u>

* * *

Statements of Changes in Liabilities Subordinated
to Claims of General Creditors
As of December 31, 2002 and December 31, 2001

	As of December 31	
	2002	2001
Balance at beginning of year	\$ 0	\$ 0
Increases		
Decreases		
Balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are part of these financial statements

FIRST MIDWEST SECURITIES, INC.
Computation of Net Capital
As of December 31, 2002 and December 31, 2001

	As of December 31	
	2002	2001
Total stockholders' equity per financial statement	\$ 230,927	\$ 229,455
Deduct: Total nonallowable assets per statement of financial position	(128,258)	(38,356)
Net Capital	\$ 102,669	\$ 191,099

* * *

Computation of Excess Net Capital Requirement
As of December 31, 2002 and December 31, 2001

	As of December 31	
	2002	2001
Net Capital	\$ 102,669	\$ 191,099
Deduct: Minimum dollar net capital requirement-note 7	(50,000)	(100,000)
Excess Net Capital	\$ 52,669	\$ 91,099

The accompanying notes are part of these financial statements

FIRST MIDWEST SECURITIES, INC.
Reconciliation of the Unaudited Computation of Net Capital
to the Audited Computation of Net Capital
As of December 31, 2002 and December 31, 2001

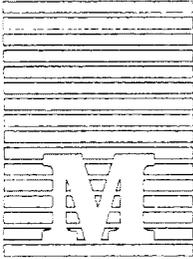
	As of December 31	
	2002	2001
Unaudited net capital per focus report	\$ 98,691	\$ 123,411
Adjustments to asset accounts-increase (decrease)		
Cash		
Adjustments to liability accounts-decrease (increase)		
Corporate taxes payable	(1,562)	27,576
Audited net capital	\$ 97,129	\$ 150,987

* * *

Reconciliation of the Unaudited Computation of Excess Net Capital Requirement
to the Audited Computation of Excess Net Capital Requirement
As of December 31, 2002 and December 31, 2001

	As of December 31	
	2002	2001
Unaudited Excess Net Capital	\$ 48,691	\$ 23,411
Adjustments to asset accounts-increase (decrease)		
Cash		
Adjustments to liability accounts-decrease (increase)		
Corporate taxes payable	(1,562)	27,576
Audited Excess Net Capital	\$ 47,129	\$ 50,987

The accompanying notes are part of these financial statements



February 27, 2003

**WILLIAM
MATTHEWS
C.P.A., S.C.**

To the Board of Directors of
First Midwest Securities, Inc.

Subject: Internal Accounting Control

We have audited the financial statements of First Midwest Securities, Inc. for the year ended December 31, 2002 and have issued our report thereon dated February 27, 2003.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of First Midwest Securities, Inc, 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.

The management of First Midwest Securities, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure polices and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or deposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures 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 and its operation; that we consider to be material weakness as defined above.

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