

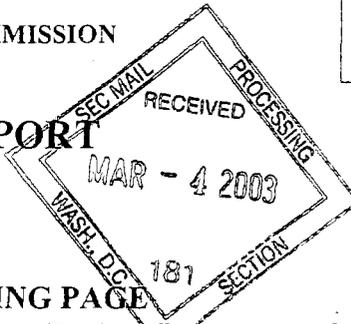


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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	October 31, 2001
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**



SEC FILE NUMBER
8-41650

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 01/01/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

GWR INVESTMENTS, INC.

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

13215 BIRCH STREET, SUITE 200

(No. and Street)

OFFICIAL USE ONLY
FIRM ID. NO

OMAHA NE 68164
(City) (State) (Zip Code)

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

MS. GAIL WERNER-ROBERTSON 402-496-7200
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

SEIM, JOHNSON, SESTAK & QUIST, LLP

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

8807 INDIAN HILLS DR OMAHA NE 68114
(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
THOMSON FINANCIAL

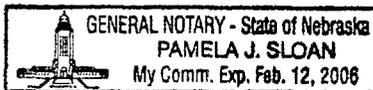
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* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2)

MAR 21 2003

OATH OR AFFIRMATION

I, MS. GAIL WERNER-ROBERTSON, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of GWR INVESTMENTS, 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: NONE.



Gail Werner-Robertson
Signature

President
Title

Pamela J. Sloan
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).b**

GWR INVESTMENTS, INC.

**Financial Statements
December 31, 2002**

Together with Independent Auditor's Report

GWR INVESTMENTS, INC.

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December 31, 2002

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Brent T. Frieauf, CPA

Independent Auditor's Report

Board of Directors and Stockholder
GWR Investments, Inc.
Omaha, Nebraska:

We have audited the accompanying statement of financial condition of GWR Investments, Inc. as of December 31, 2002, and the related statements of operations, changes in stockholder's equity, changes in liabilities subordinated to claims of general creditors, and changes in financial condition for the year then ended that you are filing pursuant to rule 17a-5 under the Securities 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 GWR Investments, Inc. as of December 31, 2002, and the results of its operations and changes in financial condition 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 information contained in Schedules I and II 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.

Seim, Johnson, Sestak & Quist, LLP

Omaha, Nebraska,
February 11, 2003.

GWR INVESTMENTS, INC.

Statement of Financial Condition December 31, 2002

ASSETS	<u>2002</u>
Cash	\$ 81,878
Receivables from brokers-dealers and clearing organizations	33,682
Receivables from non-customers	8,416
Securities owned:	
Marketable, at market value	384,164
Not readily marketable, at estimated fair value	20,100
Receivable from affiliate	2,127
Property and equipment, at cost - net of accumulated depreciation and amortization	2,144
Employee loans	508,633
Other assets	44,340
Deposits with clearing organizations	<u>41,859</u>
	\$ <u><u>1,127,343</u></u>
 LIABILITIES AND STOCKHOLDER'S EQUITY	
Liabilities:	
Commissions payable	\$ 56,983
Accounts payable, accrued expenses and other liabilities	<u>137,620</u>
	<u>194,603</u>
Liabilities subordinated to claims of general creditor	<u>125,000</u>
Contingent liabilities	
Stockholder's equity	
Common stock; \$1 par value; authorized 10,000 shares; Issued and outstanding, 1,000 shares	1,000
Additional paid-in capital	721,768
Retained earnings	<u>84,972</u>
Total stockholder's equity	<u>807,740</u>
	\$ <u><u>1,127,343</u></u>

See notes to financial statements

GWR INVESTMENTS, INC.

Statement of Operations For the Year Ended December 31, 2002

REVENUE:	<u>2002</u>
Commissions:	
Commissions executed on transactions in exchange listed equity securities executed on an exchange	\$ 123,159
Commissions on listed option transactions	2,125
All other securities commissions	<u>475,001</u>
	600,285
Profit from underwriting and selling groups	243,881
Revenue from sale of investment company shares	1,205,381
Fees for account supervision, investment advisory and administrative services	86,571
Other revenue	<u>44,128</u>
	<u>2,180,246</u>
EXPENSES:	
Employee compensation and benefit:	1,575,911
Management fee	329,046
Clearance fees	49,221
Occupancy	26,469
Communication and data processing	54,857
Regulatory fees and expenses	21,400
Interest expense	6,362
Other expenses	<u>378,717</u>
	<u>2,441,983</u>
NET LOSS	\$ <u>(261,737)</u>

See notes to financial statements

GWR INVESTMENTS, INC.

Statement of Changes in Stockholder's Equity For the Year Ended December 31, 2002

	<u>Common Stock</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balances, beginning of year	\$ 1,000	632,668	346,709	980,377
Contributions from shareholder	--	89,100	--	89,100
Net loss	--	--	(261,737)	(261,737)
Balances, end of year	\$ <u>1,000</u>	<u>721,768</u>	<u>84,972</u>	<u>807,740</u>

See notes to financial statements

GWR INVESTMENTS, INC.

**Statement of Changes in Liabilities Subordinated to Claims of General Creditors
For the Year Ended December 31, 2002**

Subordinated Liabilities, beginning of year	\$ 125,000
Net Change	<u> --</u>
Subordinated Liabilities, end of year	\$ <u>125,000</u>

See notes to financial statements

GWR INVESTMENTS, INC.

Statement of Changes in Financial Condition For the Year Ended December 31, 2002

	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	\$ (261,737)
Adjustment to reconcile net loss to net cash used by operating activities:	
Depreciation and amortization	8,155
(Increase) decrease in operating assets	
Receivables from brokers, dealers and clearing organizations	68,048
Receivables from non-customers	11,354
Other assets	30,327
Deposits with clearing organizations	18,141
Increase (decrease) in operating liabilities	
Commissions payable	(34,381)
Accounts payable, accrued expenses and other liabilities	<u>66,516</u>
Net cash used by operating activities	<u>(93,577)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net increase in marketable securities owned	(205,682)
Receivable from affiliate	303,356
Employee loans	<u>(123,933)</u>
Net cash used by investing activities	<u>(26,259)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Capital contribution	<u>89,100</u>
Net cash provided by financing activities	<u>89,100</u>
Net decrease in cash	(30,736)
Cash, beginning of year	<u>112,614</u>
Cash, end of year	\$ <u><u>81,878</u></u>
Supplemental disclosure of cash flow information:	
Cash paid for interest	\$ <u><u>6,362</u></u>

See notes to financial statements

GWR INVESTMENTS, INC.

Notes to Financial Statements December 31, 2002

(1) Organization and Summary of Significant Accounting Policies

GWR Investments, Inc. (GWR) is a Nebraska corporation providing investment advisory services and broker services to the general public. GWR is registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD). This summary of significant accounting policies of GWR is presented to assist in understanding GWR's financial statements. The financial statements and notes are representations of GWR's management, who are responsible for their integrity and objectivity.

A. *Basis of Accounting*

GWR prepares its financial statements on the accrual basis using accounting principles generally accepted in the United States of America.

B. *Estimates*

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

C. *Property and Equipment*

Property and equipment is stated at cost. Depreciation and amortization are computed using both straight-line and accelerated methods over the following estimated useful lives of the assets:

Computer equipment and software	3 – 5 years
Office furniture and equipment	5 – 7 years

When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any resulting gain or loss on disposition is reflected in the statement of income. Repairs and maintenance are expensed as incurred; expenditures for additions, improvements and replacements are capitalized.

D. *Deposits with Clearing Organizations*

Deposits are required by the brokers that provide clearing for customer accounts. The Company had \$41,859 in deposits with clearing organizations at December 31, 2002.

E. *Commissions*

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

(2) **Property and Equipment**

Property and equipment is summarized as follows:

	<u>2002</u>
Computer equipment and software	\$ 37,542
Office furniture and equipment	29,950
	<u>67,492</u>
Less: Accumulated depreciation and amortization	<u>(65,348)</u>
Property and equipment, net	<u>\$ 2,144</u>

Depreciation and amortization expense related to property and equipment of \$3,155 is included in the accompanying statement of operations.

(3) **Securities**

Securities at market value include a money market account at December 31, 2002. The fair market value approximates cost.

Securities not readily marketable include warrants to purchase shares of the National Association of Securities Dealers to purchase shares of common stock of the NASDAQ Stock Market, Inc. as of December 31, 2002. These securities have been recorded at cost as of December 31, 2002.

(4) **Employee Loans**

Employee loans represent advances made to brokers employed at the Company. These loans are unsecured and forgivable. Substantially all of the loans are forgiven over a three to seven year period based on the passage of time. Upon termination of employment, the employee is to repay the Company the unforgiven portion of the loan at interest rates ranging from 8% -14%.

(5) **Subordinated Long-Term Debt**

Long-term debt consists of a 5% subordinated loan from the sole stockholder. Interest is payable monthly through March 31, 2005 at which time the full amount of the principal is due and payable. The subordinated debt is available in computing net capital under the SEC's uniform net capital rule. To the extent that such borrowings are required for GWR's continued compliance with the minimum net capital requirements, they may not be repaid.

(6) Net Capital Requirements

GWR is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2002, the Company had net capital of \$321,534, which was \$221,534 in excess of its required net capital of \$100,000. The Company's net capital ratio was 3.2 to 1.

(7) Related Parties

GWR's sole stockholder has an ownership interest in a corporation that owns the building in which GWR resides. GWR's sole stockholder also controls a financial management firm and a law firm. During 2002, office space and office services were provided to GWR. Management fees of \$329,046 were incurred during 2002 for rent and services provided by the financial management firm. The management fees are discretionary. Other transfers also took place during the year between the financial management firm and GWR. These transactions resulted in a receivable for GWR from the financial management firm in the amount of \$2,127, which has been guaranteed to be repaid by the sole stockholder.

In the current year, GWR earned commission income of \$12,547 from the sole stockholder and her family.

(8) 401(k) Plan

Effective January 1, 1994, GWR adopted a 401(k) salary deferral plan for all employees who have completed six months of service and are 21 years of age. Discretionary matching contributions are made annually based on a percentage determined each year by GWR. GWR made matching contributions of \$7,185 to the Plan for the year ended December 31, 2002.

(9) Income Taxes

GWR has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. These provisions provide for the reporting of GWR's income and payment of income taxes by the stockholder individually. Additionally, tax benefits derived flow through to the stockholder. Therefore, no provision or liability for federal or state income taxes is reflected in these financial statements. Also, no provision has been made for any amounts which may be advanced or paid to the stockholder to assist the stockholder in paying personal income taxes on the income of GWR.

(10) Advertising Expense

The Company expenses advertising costs as incurred. Advertising expenses for the year ended December 31, 2002 were \$4,367 and are included in other expenses on the statement of operations.

(11) Contingent Liabilities

GWR is a defendant in lawsuits incidental to its securities and commodities business. Management of GWR, after consultation with outside legal counsel, believes that the resolution of these various lawsuits will not result in any material adverse effect on GWR's financial position.

GWR INVESTMENTS, INC.

**Computation of Aggregate Indebtedness and Net Capital in
 Accordance with Rule 15c3-1 Under the Securities Exchange Act of 1934
 December 31, 2002**

Aggregate Indebtedness:		
Commissions payable		\$ 56,983
Accounts payable, accrued expenses and other liabilities		<u>137,620</u>
Total Aggregate Indebtedness		<u>\$ 194,603</u>
Net Capital:		
Credit items:		
Subordinated borrowings allowable in computation of net capital		\$ 125,000
Common stock	\$ 1,000	
Additional paid-in capital	721,768	
Retained earnings	<u>84,972</u>	<u>807,740</u>
		932,740
Deduct Non-Allowable Assets:		
Property and equipment at cost - net of accumulated depreciation and amortization	2,144	
Receivables from broker-dealers and clearing organizations - over 30 days	17,763	
Accounts and note receivable - other	8,416	
Securities not readily marketable	20,100	
Employee loans	508,633	
Other assets	44,340	
Receivable from affiliate	<u>2,127</u>	<u>603,523</u>
Deduct Haircuts on Securities		<u>7,683</u>
Net Capital		<u>\$ 321,534</u>
Capital Requirements:		
Minimum dollar requirement		\$ 100,000
Net capital exceeding requirement		<u>221,534</u>
Net Capital		<u>\$ 321,534</u>
Percentage of Net Capital to Required Capital		<u>322%</u>
Percentage of Aggregate Indebtedness to Net Capital		<u>.61 to 1</u>

GWR INVESTMENTS, INC.**Reconciliation of Net Capital and Aggregate Indebtedness
Per Audit Report to Client's FOCUS Report
December 31, 2002**

Net capital, as reported in Company's Part II (unaudited) FOCUS report, as originally filed	\$	329,035
Audit adjustment to record cancelled transactions		(20,075)
Audit adjustment to recognize unearned revenue as earned revenue		14,353
Audit adjustment to record additional payables		(12,124)
Audit adjustment to reduce accrued expenses		10,345
		<hr/>
Net capital per audit report	\$	<u>321,534</u>
Aggregate indebtedness as reported in Company's Part II (unaudited) FOCUS report, as originally filed	\$	187,102
Audit adjustment to record additional payables		20,075
Audit adjustment to recognize unearned revenue as earned revenue		(14,353)
Audit adjustment to record additional payables		12,124
Audit adjustment to reduce accrued expenses		(10,345)
		<hr/>
Aggregate indebtedness per audit report	\$	<u>194,603</u>

GWR INVESTMENTS, INC.

**Information Relating to Possession or Control Requirements
December 31, 2002**

This firm claims exemption to SEC Rule 15c3-3 pursuant to Paragraph (k) (2)(ii).

GWR INVESTMENTS, INC.

**Computation of Reserve Requirement
December 31, 2002**

This firm claims exemption to SEC Rule 15c3-3 pursuant to Paragraph (k)(2)(i).



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Brent T. Frieauf, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

Board of Directors and Stockholder
GWR Investments, Inc.
Omaha, Nebraska:

In planning and performing our audit of the financial statements and additional information of GWR Investments, Inc. for the year ended December 31, 2002, 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 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, including tests of such practices and procedures that we considered relevant to the objective stated in Rule 17a-5(g) in making periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining the compliance with the exemptive provisions of Rule 15c3-3. 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 and comparisons.
2. Recordation of differences required by Rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of 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 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 losses from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error 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 error 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.

Due to the limited size of the Company and number of personnel involved in the accounting function, conditions exist that do not permit the proper segregation of duties or certain other controls and procedures for reliance or implementation of a detailed system of internal controls. 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 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 that 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 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.

Seim, Johnson, Sestak & Quist, LLP

Omaha, Nebraska,
February 11, 2003.