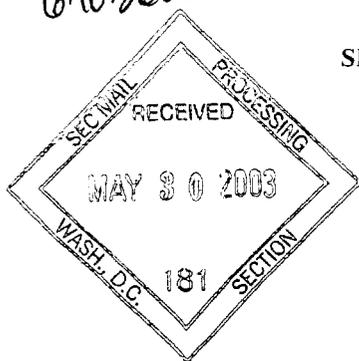


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6/10/2003



SE 03015807 COMMISSION 549

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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 ENDING 04/01/02 AND ENDING 03/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
K. W. BROWN & COMPANY D/B/A K. W. BROWN INVESTMENTS OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) FIRM ID. NO.
401 W Linton Blvd., Suite #300
(No. and Street)

Delray Beach Florida 33444
(City) (State) (zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
WENDY BROWN (561) 393-6900
(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
BRUCE D. SOULE, CPA, PA
(Name -- if individual, state last, first and middle name)

2013 HERB COURT, TALLAHASSEE, FL 32312
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED
JUN 12 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).

OATH OR AFFIRMATION

I, KENNETH W. BROWN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of K.W. BROWN & COMPANY D/B/A K.W. BROWN INVESTMENTS, as of MARCH 31, 2003, 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

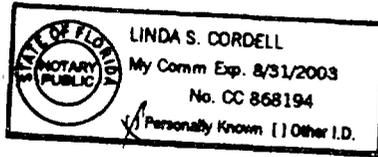
Kenneth W. Brown

Signature

CEO

Title

Linda S. Cordell
Notary Public
LINDA S. Cordell



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 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- * (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- * (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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

K. W. BROWN & COMPANY D/B/A K. W. BROWN INVESTMENTS

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2003 AND 2002

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BRUCE D. SOULE, CPA, PA

2013 Herb Court
Tallahassee, FL 32312

(850) 894-3135 Office
(850) 894-3155 Fax

INDEPENDENT AUDITOR'S REPORT

Stockholders
K. W. Brown & Company
D/B/A K. W. Brown Investments
Delray Beach, Florida

I have audited the accompanying balance sheet of **K.W. Brown & Company D/B/A K. W. Brown Investments** as of March 31, 2003 and the related statements of income and retained earnings, changes in stockholders' equity, cash flow, and changes in liabilities subordinated to claims of general creditors for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

The financial statements for the year ended March 31, 2002 were audited by another accountant, and he expressed an unqualified opinion in his report dated May 28, 2002.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of K.W. Brown & Company D/B/A K. W. Brown Investments as of March 31, 2003, and the results of its operations and its cash flow for the year then ended, in conformity with accounting principles generally accepted in the United States applied on a consistent basis.

BRUCE D. SOULE, CPA, PA



Certified Public Accountant

May 07, 2002

K. W. BROWN & COMPANY
D/B/A K. W. BROWN INVESTMENTS

BALANCE SHEET

MARCH 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$357 117	\$214 780
Commissions receivable	62 480	142 404
Inventory of securities owned	261 645	167 772
Trade date adjustment	<u>2 150</u>	<u>-0-</u>
Total current assets	683 392	524 956
REAL ESTATE, FURNITURE & EQUIPMENT		
Less accumulated depreciation	<u>274 019</u>	<u>274 019</u>
	<u>214 568</u>	<u>176 838</u>
Net furniture and equipment	<u>59 451</u>	<u>97 181</u>
Total assets	<u>\$742 843</u>	<u>\$622 137</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$160 622	\$ 26 641
Accrued expenses	29 424	166 432
Margin account	5 003	86 090
Contingent arbitration award liability	260 000	60 000
Income taxes payable	<u>723</u>	<u>-0-</u>
Total current liabilities	<u>455 772</u>	<u>339 163</u>
STOCKHOLDERS' EQUITY:		
Common stock - \$5.00 par value; 100 shares		
Authorized, issued and outstanding	500	500
Additional paid-in capital	199 485	199 485
Retained earnings	<u>87 086</u>	<u>82 989</u>
Total stockholders' equity	<u>287 071</u>	<u>282 974</u>
Total liabilities and stockholders' equity	<u>\$742 843</u>	<u>\$622 137</u>

The accompanying notes are an integral part of these financial statements.

K. W. BROWN & COMPANY
D/B/A K. W. BROWN INVESTMENTS

STATEMENT OF INCOME AND RETAINED EARNINGS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
GROSS REVENUES	\$2 370 652	\$2 562 294
EXPENSES	<u>2 365 832</u>	<u>2 584 420</u>
INCOME (Loss) BEFORE INCOME TAXES	4 820	(22 126)
PROVISION FOR (Reduction in) INCOME TAXES	<u>723</u>	<u>(6 417)</u>
NET INCOME (Loss)	4 097	(15 709)
RETAINED EARNINGS - Beginning of year	<u>82 989</u>	<u>98 698</u>
RETAINED EARNINGS - End of year	<u>\$ 87 086</u>	<u>\$ 82 989</u>

The accompanying notes are an integral part of these financial statements.

K. W. BROWN & COMPANY
D/B/A K. W. BROWN INVESTMENTS

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

AS OF AND FOR THE YEARS ENDED MARCH 31, 2003 AND 2002

	<u>Common stock</u> <u>Shares</u>	<u>Amount</u>	<u>Additional</u> <u>paid-in</u> <u>capital</u>	<u>Retained</u> <u>earnings</u>	<u>Total</u>
Balance - March 31, 2001	100	500	199 48	\$ 98 698	\$ 298 683
Net income (loss) for the year ended March 31, 2002	—	—	—	<u>(15 709)</u>	<u>(15 709)</u>
Balance - March 31, 2002	100	500	199 485	82 989	282 974
Net income for the year ended March 31, 2003	—	—	—	<u>4 097</u>	<u>4 097</u>
Balance - March 31, 2003	<u>100</u>	<u>\$ 500</u>	<u>\$199 485</u>	<u>\$ 87 086</u>	<u>\$287 071</u>

The accompanying notes are an integral part of these financial statements.

K. W. BROWN & COMPANY
D/B/A K. W. BROWN INVESTMENTS

STATEMENT OF CASH FLOW

AS OF AND FOR THE YEARS ENDED MARCH 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Gross revenues received	\$2 370 652	\$2 562 294
Salaries paid	1 047 878	1 535 761
Broker commissions paid	72 693	84 825
Other expenses	<u>1 017 368</u>	<u>858 835</u>
Cash used in operating activities	<u>2 137 939</u>	<u>2 479 421</u>
Net cash flow (used in) operating activities	<u>232 713</u>	<u>82 873</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of furniture, equipment and leasehold improvements	<u>-0-</u>	<u>19 663</u>
Cash disbursed in investing activities	<u>-0-</u>	<u>19 663</u>
Net cash flow from (used in) investing activities	<u>-0-</u>	<u>(19 663)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Interest and dividends	3 497	10 017
Decrease (Increase) in inventory	<u>(93 873)</u>	<u>(145 432)</u>
Cash provided by (used in) financing activities	<u>(90 376)</u>	<u>(135 415)</u>
Net cash flow from (used in) financing activities	<u>(90 376)</u>	<u>(135 415)</u>
INCREASE (DECREASE) IN CASH	142 337	(72 205)
CASH AT BEGINNING OF YEAR	<u>214 780</u>	<u>286 985</u>
CASH AT END OF YEAR	<u>\$ 357 117</u>	<u>\$ 214 780</u>

The accompanying notes are an integral part of these financial statements.

K. W. BROWN & COMPANY
D/B/A K. W. BROWN INVESTMENTS

STATEMENT OF CASH FLOW (CONTINUED)

AS OF AND FOR THE YEARS ENDED MARCH 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
RECONCILIATION OF NET INCOME TO NET CASH FLOW PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Net Income (loss)	\$ 4 097	\$ (15 709)
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation	37 730	66 844
Interest & dividends	(3 497)	(10 017)
(Increase) decrease in:		
Commissions receivable	79 924	(41 244)
Trade date adjustment	(2 150)	-0-
Increase (decrease) in:		
Accounts payable	133 981	(43 048)
Accrued expenses	(137 008)	76 610
Margin account	(81 087)	86 090
Contingent litigation expense liability	-0-	(30 000)
Contingent arbitration award liability	200 000	-0-
Income taxes payable	<u>723</u>	<u>(6 653)</u>
Net cash flow provided by (used in) operating activities	<u>\$ 232 713</u>	<u>\$ 82 873</u>

The accompanying notes are an integral part of these financial statements.

K. W. BROWN & COMPANY
D/B/A K. W. BROWN INVESTMENTS

STATEMENT OF CHANGES IN LIABILITIES

SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2003 AND 2002

SUBORDINATED LIABILITIES AT MARCH 31, 2001	<u>-0-</u>
Changes during the year ended March 31, 2002	<u>-0-</u>
SUBORDINATED LIABILITIES AT MARCH 31, 2002	<u>-0-</u>
Changes during the year ended March 31, 2003	<u>-0-</u>
SUBORDINATED LIABILITIES AT MARCH 31, 2003	<u>\$ -0-</u>

The accompanying notes are an integral part of these financial statements.

K. W. BROWN & COMPANY
D/B/A K. W. BROWN INVESTMENTS

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2003 AND 2002

NOTE 1 - BUSINESS AND ORGANIZATION

The Company was incorporated in Florida on April 17, 1985 as FWG Financial Corp. On July 25, 1985 the name of the Company was changed to Three Thousand Financial Group, Inc. On September 10, 1986 the name of the Company was changed to K. W. Brown & Company. The Company is registered as a broker-dealer under the Securities and Exchange Act of 1934, as amended, and is a member of the National Association of Securities Dealers, Inc.

The Company acts as an introducing broker through a clearing arrangement with a clearing broker-dealer on a fully disclosed basis. Ameritrade, Inc. provides clearing services, handles funds of the Company's customers, holds securities, and remits activity statements to the customers.

The Company has authorized and issued 100 shares of common stock, \$5 par value, and is authorized to issue 6,000 shares, \$8.50 Class A Preferred stock, \$1 par value; and 5,000 shares of 10% Class B Preferred stock, \$1000 par value. No preferred shares are outstanding at March 31, 2003 and 2002. There are 100 shares of common stock outstanding at March 31, 2003 and 2002.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

RECOGNITION OF COMMISSION INCOME - Securities transactions are recorded on a settlement date basis with related commission income and expenses recorded on a settlement date basis. The books are adjusted to trade date basis at year end.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

DEPRECIATION - Furniture and equipment are being depreciated on an accelerated basis over a period generally not to exceed seven years, which approximates the straight-line method. Leasehold improvements are being depreciated over the life of the lease which is 30 months.

K. W. BROWN & COMPANY
D/B/A K. W. BROWN INVESTMENTS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

AS OF AND FOR THE YEARS ENDED MARCH 31, 2003 AND 2002

NOTE 3 - INVENTORY OF SECURITIES OWNED

The inventory of securities owned as of March 31, 2003 and 2002 is valued at fair market value.

NOTE 4 - NET CAPITAL REQUIREMENT

The Company is subject to the Securities & Exchange Commission's Uniform Net Capital Rule (Rule 15c 3-1) which requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed fifteen to one. Net capital and the related net capital ratio fluctuates on a daily basis. As of March 31, 2003 and 2002, the net capital ratio was 2.99:1 and 2.43:1, respectively, and net capital was \$152,520 and \$139,347, respectively, which exceeded the minimum net capital requirement by \$52,520 and \$39,347, respectively.

NOTE 5 - LITIGATION

The Company is not presently involved in any litigation against the Company.

The Company is presently involved in potentially assertive claims and arbitrations arising out of the normal course of its business over securities transactions, which in the opinion of the Company, based upon knowledge of facts, will not result in a material adverse effect on the Company's financial position, except as has been provided for in these financial statements by a contingent arbitration awards liability of \$260,000 as of March 31, 2003 and \$60,000 as of March 31, 2002.

K. W. BROWN & COMPANY
D/B/A K. W. BROWN INVESTMENTS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2003 AND 2002

NOTE 6 - COMMITMENTS AND RELATED PARTY TRANSACTIONS

The amount of rent paid for the years ended March 31, 2003 and 2002 was \$13,250 and \$3,529 respectively.

The Company has entered into a 5,000 square foot office space lease at approximately \$4,417 per month expiring December 31, 2003. The lessor and lessee are related parties. The owner of the office building is one of the executive officers of the Company.

The two executive officers of the Company are also the two directors the Company and they are the grantors and trustees of a trust which owns 100% of the outstanding shares of the Company. The beneficiaries of that trust are the children of the two executive officers.

Future lease obligations under these office leases as are \$39,750 for the year ending March 31, 2004.

NOTE 7 - INCOME TAXES

Deferred tax assets and liabilities are to be recognized for the future tax consequence attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and net operating loss carrybacks.

The income taxes payable are \$723 and \$-0- as of March 31, 2003 and 2002, respectively.

BRUCE D. SOULE, CPA, PA

2013 Herb Court
Tallahassee, FL 32312

(850) 894-3135 Office
(850) 894-3155 Fax

**AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION
PURSUANT TO SEC RULE 17 a-5**

Stockholders
K.W. Brown & Company
D/B/A K. W. Brown Investments
Delray Beach, Florida

My examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the schedules presented in pages twelve through fourteen is presented for purposes of additional analysis and is not a required part of the basic financial statements but is required by Rule 17a-5 of the Securities & Exchange Commission. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Further, it is my opinion that the schedules present fairly the information therein in conformity with the rules of the Securities & Exchange Commission.

BRUCE D. SOULE, CPA, PA



Certified Public Accountant

May 7, 2003

K. W. BROWN & COMPANY
D/B/A K. W. BROWN INVESTMENTS

SUPPLEMENTARY INFORMATION PURSUANT TO SEC RULE 17a-5

MARCH 31, 2003 AND 2002

COMPUTATION OF NET CAPITAL

	<u>2003</u>	<u>2002</u>
Total stockholders' equity	<u>\$ 287 071</u>	<u>\$ 282 974</u>
Deductions and/or charges:		
Nonallowable assets:		
15% haircut on inventory	39 247	25 166
2% haircut on money market	199	-0-
Furniture, equipment and leasehold improvements - net book value	59 451	97 181
Commissions receivable over 30 days	17 806	10 610
Advances	<u>17 848</u>	<u>10 670</u>
Total deductions	<u>134 551</u>	<u>143 627</u>
NET CAPITAL	<u>\$ 152 520</u>	<u>\$ 139 347</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT AND EXCESS NET CAPITAL

BASIC NET CAPITAL REQUIREMENT (greater of a or b)	<u>\$ 100 000</u>	<u>\$ 100 000</u>
a. Minimum capital required (6-2/3% of aggregate indebtedness)	<u>\$ 30 384</u>	<u>\$ 22 611</u>
b. Minimum dollar of net capital required	<u>\$ 100 000</u>	<u>\$ 100 000</u>
EXCESS NET CAPITAL	<u>\$ 52 520</u>	<u>\$ 39 347</u>

COMPUTATION OF RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL

Total aggregate indebtedness	<u>\$ 455 772</u>	<u>\$ 339 163</u>
RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>2.99:1</u>	<u>2.43:1</u>

K. W. BROWN & COMPANY
D/B/A K. W. BROWN INVESTMENTS

SUPPLEMENTARY INFORMATION PURSUANT TO SEC RULE 17a-5 (CONTINUED)

MARCH 31, 2003 AND 2002

RECONCILIATION OF THE COMPUTATION OF NET CAPITAL

	<u>2003</u>	<u>2002</u>
Net capital per FOCUS II A	\$280 431	\$140 019
Decrease (Increase) in aggregate indebtedness including commissions and payroll taxes payable discovered during the annual audit	(1 415)	(672)
Increase (decrease) in cash due to an adjustment for the trade date	34 430	-0-
(Increase) in aggregate indebtedness due to an increase in accounts payable to record a chargeback discovered during the annual audit	(59 570)	-0-
Decrease in aggregate indebtedness due to a decrease in federal and state income taxes payable resulting from adjustments made during the annual audit	69 588	-0-
(Increase) in aggregate indebtedness due to an increase in contingent arbitration awards expense payable discovered during the annual audit	(152 532)	-0-
Increase (decrease) in inventory due to an adjustment for the trade date	(24 190)	-0-

K. W. BROWN & COMPANY
D/B/A K. W. BROWN INVESTMENTS

SUPPLEMENTARY INFORMATION PURSUANT TO SEC RULE 17a-5 (CONTINUED)

MARCH 31, 2003 AND 2002

RECONCILIATION OF THE COMPUTATION OF NET CAPITAL

	<u>2003</u>	<u>2002</u>
Increase due to trade date adjustment	2 150	-0-
(Decrease) in haircuts due to inventory adjustment	<u>3 628</u>	<u>-0-</u>
Net capital per audit report	<u>\$152 520</u>	<u>\$139 347</u>

K. W. BROWN & COMPANY
D/B/A K. W. BROWN INVESTMENTS

REQUIRED SUPPORTING STATEMENTS

MARCH 31, 2003 AND 2002

STATEMENT RE: DETERMINATION OF RESERVE REQUIREMENTS
UNDER RULE 15 (c) 3-3

As of March 31, 2003 and 2002, the Company was exempt from reporting information re: determination of reserve requirement under Rule 15 (c) 3-3 because no customer funds or securities were held.

STATEMENT RE: POSSESSION OR CONTROL OF SECURITIES REQUIREMENTS
UNDER RULE 15 (c) 3-3 (k) (2) (ii)

As of March 31, 2003 and 2002, the Company was exempt from reporting information re: possession or control of securities pursuant to Rule 15 (c) 3-3, under paragraph (k) (2) (ii), because no securities of customers were held.

STATEMENT RE: CUSTOMERS' FUNDS

As of March 31, 2003 and 2002, the Company was exempt from reporting information re: funds contained in customers' regulated commodity futures accounts and total funds segregated by dealer to meet requirements because no funds of customers were held.

STATEMENT RE: NO MATERIAL INADEQUACIES

As of March 31, 2003 and 2002, no material inadequacies were found to exist.

BRUCE D. SOULE, CPA, PA

2013 Herb Court
Tallahassee, FL 32312

(850) 894-3135 Office
(850) 894-3155 Fax

**INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORT ON
INTERNAL ACCOUNTING CONTROL**

Stockholders
K.W. Brown & Company
D/B/A K. W. Brown Investments
Delray Beach, Florida

I have examined the financial statements of **K.W. Brown & Company D/B/A K. W. Brown Investments** as of and for the year ended March 31, 2003 and have issued my report thereon, dated May 7, 2002. As part of my examination, I made a study and evaluation of the Company's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and Rule 17a-5 of the Securities Exchange Act of 1934. This study and evaluation included, in the accounting system, the procedures for safeguarding securities and the practices and procedures followed by the Company in making the periodic computations of net capital under Rule 17a-3(a)(11). Rule 17a-5 states that the scope of the study and evaluation should be sufficient to provide reasonable assurance that any material weakness existing at the date of my examination would be disclosed. The purposes of my study and evaluation were to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Company's financial statements and to provide a basis of reporting material weaknesses in internal accounting control under Rule 17a-5. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

I have found that, with respect to Rule 15c3-3, the Company does not obtain and maintain physical possession or control of any fully paid or excess margin securities of customers.

The management of the Company is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control

**INDEPENDENT ACCOUNTANT'S SUPPLEMENTARY REPORT ON
INTERNAL ACCOUNTING CONTROL**

(CONTINUED)

procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets 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 the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation, described in the first paragraph, would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Company taken as a whole. However, my study and evaluation disclosed no condition that I believe to be a material weakness.

This report is intended solely for the use of management, the Securities & Exchange Commission, and other regulatory agencies pursuant to their requirements and should not be used for any other purpose.

BRUCE D. SOULE, CPA, PA



Certified Public Accountant

May 7, 2002