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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

VF3-1184

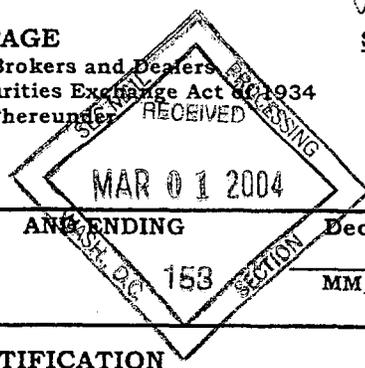
**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

04003702

PAGE

**SEC FILE NUMBER
8-38588**

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



REPORT FOR THE PERIOD BEGINNING

January 1,
2003
MM/DD/YY

AND ENDING

December 31,
2003
MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Wells Fargo Investments, LLC

Official Use Only
FIRM ID. NO.

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

420 Montgomery Street

San Francisco

(No. and Street)
California

94104

(City)

(State)

(Zip Code)

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

Mr. V. Lawrence Bensussen

(Area Code -- Telephone No.)
206-464-8879

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
(Name - if individual, state last, first, middle name)

KPMG LLP

4200 Wells Fargo Center, 90 South Seventh Street, Minneapolis, MN

55402

(ADDRESS) Number and Street
State

City

Zip Code

CHECK ONE:

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

PROCESSED

FOR OFFICIAL USE ONLY	MAR 25 2004 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).

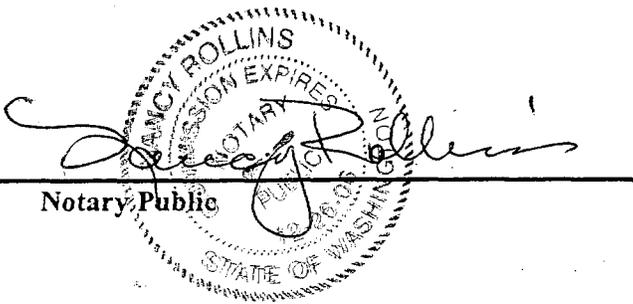
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OATH OR AFFIRMATION

I, V. Lawrence Bensussen, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Wells Fargo Investments, LLC, as of December 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:



Name: V. Lawrence Bensussen
Title: Chief Financial Officer



Nancy Rollins
Notary Public
State of Washington
Commission Expires 12/31/06

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

- (a) Facing Page
- (b) Statement of Financial Condition
- (c) Statement of Income
- (d) Statement of Cash Flows
- (e) Statement of Changes in Stockholder's Equity of 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 Requirement 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 Rule 15c3-3
- Schedule of Segregation Requirements and Funds in Segregation Pursuant to Commodity Exchange Act
- (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

Note: These financial statements and supplemental schedules will be made available promptly to all members and allied members of the New York Stock Exchange, Inc. in our organization.

Note: The table of contents was incorporated within the audited financial statements.

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

WELLS FARGO INVESTMENTS, LLC

Statement of Financial Condition

December 31, 2003

(With Independent Auditors' Report Thereon)

WELLS FARGO INVESTMENTS, LLC

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KPMG LLP
4200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

Independent Auditors' Report

The Board of Governors and Member
Wells Fargo Investments, LLC:

We have audited the accompanying statement of financial condition of Wells Fargo Investments, LLC, a wholly owned subsidiary of Wells Fargo Investment Group, Inc. whose ultimate parent is Wells Fargo & Company, as of December 31, 2003, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of Wells Fargo Investments, LLC as of December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

February 23, 2004



KPMG LLP, a U.S. limited liability partnership, is the U.S. member firm of KPMG International, a Swiss cooperative.

Minneapolis Office
Celebrating
 100 years
1904-2004

WELLS FARGO INVESTMENTS, LLC

Statement of Financial Condition

December 31, 2003

(In thousands)

Assets

Cash and cash equivalents	\$	183,965
Cash and market value of securities required to be segregated under federal or other regulations (note 3)		66,964
Deposits with clearing organizations		10,470
Receivable from:		
Brokers, dealers, and clearing organizations (note 4)		21,812
Customers, net of allowance of \$175		403,680
Securities received as collateral (note 2h)		222,135
Securities owned, at market value (note 5)		436
Securities borrowed		230,451
Furniture, equipment, and leasehold improvements, at cost, less accumulated depreciation and amortization of \$14,259		8,634
Due from affiliates		8,708
Goodwill, net of accumulated amortization of \$14,535		153,290
Other assets		16,190
Total assets	\$	<u>1,326,735</u>

Liabilities and Member's Equity

Liabilities:

Payable to:		
Brokers, dealers, and clearing organizations (note 4)	\$	23,727
Customers, including free credit balances of \$335,839		415,739
Obligation to return securities received as collateral (note 2h)		222,135
Securities loaned		224,216
Securities sold, not yet purchased, at market value (note 5)		32
Due to affiliates		7,017
Accrued compensation and related benefits		22,189
Other liabilities and accrued expenses		10,863
		<u>925,918</u>
Commitments and contingencies (note 8)		
Liabilities subordinated to claims of general creditors (note 6)		120,000
Total liabilities		<u>1,045,918</u>
Member's equity		<u>280,817</u>
Total liabilities and member's equity	\$	<u>1,326,735</u>

See accompanying notes to statement of financial condition.

WELLS FARGO INVESTMENTS, LLC

Notes to Statement of Financial Condition

December 31, 20003

(in thousands)

(1) Organization and Nature of Operations

Wells Fargo Investments, LLC (WFI) is a wholly owned subsidiary of Wells Fargo Investment Group, Inc. (WFIG) whose ultimate parent is Wells Fargo & Company (WFC). WFI's primary activities are securities brokerage and related investment services that include full service brokerage to retail clients, investment research, principal trading, correspondent clearing, and distribution of corporate securities. WFI is registered with the Securities and Exchange Commission (the SEC) as a broker/dealer, is a member firm of the New York Stock Exchange (the NYSE), and has retail offices located in the central and western regions of the United States.

(2) Summary of Significant Accounting Policies

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and highly liquid investments with an original maturity of three months or less. Cash and cash equivalents exclude amounts segregated under federal or other regulations. Cash equivalents are part of the cash management activities of WFI.

(b) Securities Transactions

Principal transactions are recorded on a trade-date basis.

Securities owned and securities sold, not yet purchased are recorded at market values.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the statement of financial condition.

(c) Fair Value of Financial Instruments

Substantially all of WFI's financial assets and liabilities are carried at market value or at contracted amounts, which, because of their short-term nature, approximate current fair value.

(d) Receivable From and Payable to Brokers/Dealers

Amounts receivable from and payable to brokers/dealers consist primarily of the contract value of securities which have not been delivered or received as of the date of the statement of financial condition.

(e) Receivable From and Payable to Customers

Amounts receivable from and payable to customers arise from normal securities margin and cash transactions. Securities owned by customers and either held as collateral for these transactions or held in safekeeping are not reflected in the statement of financial condition. Management considers the receivables adequately collateralized.

(f) Furniture, Equipment, and Leasehold Improvements

Furniture and equipment are stated at cost less accumulated depreciation, and are depreciated using the straight-line method over the estimated useful life of the asset, generally three to five years.

WELLS FARGO INVESTMENTS, LLC

Notes to Statement of Financial Condition

December 31, 2003

(in thousands)

Leasehold improvements are amortized using the straight-line method over the lesser of the respective lease term or the estimated life of the improvement.

(g) Other Assets

Included in other assets are forgivable loans made to investment executives and other revenue-producing employees, typically in connection with their recruitment. These loans are forgivable based on continued employment and are amortized over the life of the loan, which is generally three to five years, using the straight-line or effective interest method.

(h) Securities Lending Activities

Securities borrowed and securities loaned are financing arrangements recorded at the amount of cash collateral advanced or received. Securities borrowed transactions require WFI to deposit cash, letters of credit, or other collateral with the lender. With respect to securities loaned, WFI receives cash or other collateral in an amount generally in excess of the market value of securities loaned. WFI monitors the market value of securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. When WFI acts as the lender in a securities lending agreement and receives securities as collateral that can be pledged or sold, it recognizes on the statement of financial condition the securities received as well as an obligation to return the securities. Accordingly, WFI's statement of financial condition separately reflects these assets and liabilities. At December 31, 2003, WFI has received collateral under securities lending agreements that it is permitted by contract or custom to sell or repledge of \$222,135. Of this amount, \$205,388 has been sold or repledged.

(i) Income Taxes

WFI is disregarded as an entity separate from its owner and its results of operations are included in the federal and state income tax returns of the sole member and its parent, WFIG.

(j) Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business combinations under the purchase method of accounting. Pursuant to Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets*, effective January 1, 2002, all goodwill amortization was discontinued and goodwill is assessed at least annually for impairment on a reporting unit level by applying a fair-value-based test using discounted estimated future net cash flows. Because 100 percent of goodwill is treated as a non-allowable asset for regulatory purposes, the impact of any impairment on goodwill would not affect WFI's net capital. In management's opinion, no impairment exists as of December 31, 2003.

(k) Use of Estimates

The preparation of the statement of financial condition in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent

WELLS FARGO INVESTMENTS, LLC

Notes to Statement of Financial Condition

December 31, 2003

(in thousands)

assets and liabilities at the date of the statement of financial condition. Actual results could differ from such estimates.

(3) Cash and Securities Required to Be Segregated Under Federal or Other Regulations

In accordance with the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, at December 31, 2003, cash and market value of securities required to be segregated under federal or other regulations reflects \$49,966 of U.S. Treasury securities that were segregated for the exclusive benefit of customers and \$16,998 of U.S. Treasury securities that were segregated for proprietary accounts of introducing brokers (PAIB). WFI transferred an additional \$31,903 to a special reserve account for the exclusive benefit of customers on January 5, 2004 pursuant to the December 31, 2003 customer reserve calculation. WFI withdrew \$6,023 from a special reserve account for PAIB on January 5, 2004 pursuant to the December 31, 2003 PAIB reserve calculation.

(4) Receivable from and Payable to Brokers, Dealers, and Clearing Organizations

Amounts receivable from and payable to brokers, dealers, and clearing organizations consist of the following:

Receivables:

Securities failed to deliver	\$	4,319
Receivable from an affiliate broker clearing through WFI as a correspondent		4,704
Clearing organizations and other		<u>12,789</u>
	\$	<u><u>21,812</u></u>

Payables:

Securities failed to receive	\$	16,580
Payable to brokers clearing through WFI as a correspondent		3,215
Payable arising from unsettled securities transactions, net		3,801
Clearing organizations and other		<u>131</u>
	\$	<u><u>23,727</u></u>

(5) Securities Owned and Securities Sold, Not Yet Purchased

Securities owned and securities sold, not yet purchased consist of trading securities at quoted market values as follows:

	<u>Owned</u>	<u>Sold, not yet purchased</u>
Corporate stocks	\$ <u>436</u>	<u>32</u>

Securities sold, not yet purchased represent obligations of WFI to deliver the specified security at the contracted price, and thereby create a liability to purchase the security in the market at prevailing prices. Accordingly, these transactions result in off-balance-sheet risk, as WFI's ultimate obligation to satisfy the

WELLS FARGO INVESTMENTS, LLC

Notes to Statement of Financial Condition

December 31, 20003

(in thousands)

sale of securities sold, not yet purchased may exceed the amount recognized in the statement of financial condition.

(6) Liabilities Subordinated to Claims of General Creditors

In December 2002, WFI entered into a \$120,000 subordinated loan agreement with WFC. The loan matures on January 31, 2006 with no scheduled principal payments until maturity. Interest is paid quarterly and is based on 90-day LIBOR rate plus 0.25%.

The liabilities subordinated to claims of general creditors are covered by agreements approved by the NYSE and are available in computing net capital under the SEC's Uniform Net Capital Rule. To the extent such borrowings are required for WFI's continued compliance with minimum net capital requirements (note 9), they may not be repaid.

(7) Related Party Transactions

In the ordinary course of business, WFI enters into material transactions with other affiliates of WFC. These transactions could be charges or reimbursements to WFI and include certain securities transactions, costs incurred for employee benefit programs sponsored by WFC (note 10), costs incurred to reimburse affiliates for rent and other occupancy charges paid on its behalf (note 8), interest paid to affiliates under short-term and subordinated financing arrangements, and other operating expenses allocated by affiliates. Additionally, WFI provided correspondent brokerage clearing services to four affiliated broker/dealers for which it was paid correspondent clearing fees during the year ended December 31, 2003.

At December 31, 2003, WFI had available credit from WFC under an unsecured short-term promissory note that is authorized up to \$500,000. Additionally, WFI periodically obtains short-term financing from Wells Fargo Bank Minnesota, N.A. (the Bank) under repurchase agreements which are collateralized by trading securities. WFI pays interest on these financing arrangements at interest rates approximating commercial lending rates. At December 31, 2003, WFI had no outstanding borrowings under these arrangements.

In May 2003, WFIG paid \$1,659 in subsequent contingent consideration in connection with the 2001 acquisition of certain assets and liabilities relating to the retail brokerage operations of Wells Fargo Van Kasper, LLC, which it subsequently contributed to WFI. WFI recorded the transaction as an increase in the carrying value of goodwill and a capital infusion from WFIG. Wells Fargo Van Kasper, LLC was an affiliate of WFI.

In 2003, WFIG recorded purchase accounting adjustments totaling \$631 in connection with the 2002 acquisition of the assets and liabilities of Securities Corporation of Iowa, which it subsequently contributed to WFI. WFI recorded the adjustments as a decrease in the carrying value of goodwill and a capital distribution to WFIG. Securities Corporation of Iowa was an affiliate of WFI.

(8) Leases, Commitments, and Contingent Liabilities

WFI leases certain office space and data processing equipment under several noncancelable operating leases. Certain leases have renewal options and clauses for escalation and operating cost adjustments based

WELLS FARGO INVESTMENTS, LLC

Notes to Statement of Financial Condition

December 31, 2003

(in thousands)

upon increased costs incurred by the lessor. Future minimum rental commitments under the terms of the lease agreements as of December 31, 2003 are as follows:

<u>December 31,</u>	
2004	\$ 8,119
2005	7,586
2006	3,459
2007	41
Thereafter	—
	<u>\$ 19,205</u>

Minimum rental commitments excludes noncancelable operating leases which are administered by an affiliate for the benefit of WFI when WFI does not have the contractual obligation.

In the normal course of business, there are various lawsuits, claims, and contingencies pending against WFI. In addition, as with many financial services companies, WFI has received requests for information from various governmental and self-regulatory agencies in connection with trading in mutual fund shares. It is the opinion of management that these matters will be resolved with no material impact on WFI's financial position or results of operations.

(9) Net Capital Requirements

WFI is subject to the Uniform Net Capital Rule 15c3-1 (the Rule) under the Securities Exchange Act of 1934. WFI has elected to compute net capital under the alternative provisions of the Rule, which require WFI to maintain net capital, as defined, equal to the greater of \$1,500 or 2% of aggregate debit items arising from customer transactions, as defined. At December 31, 2003, WFI's net capital was \$202,089, which was 49% of aggregate debit items and which exceeded the minimum net capital requirement of \$8,281 by \$193,808.

The net capital rules of the NYSE also provide that equity capital may not be withdrawn or cash dividends paid without notification if resulting net capital would be less than 5% of aggregate debit items arising from customer transactions.

(10) Employee Benefits

WFI participates in WFC's noncontributory qualified defined benefit retirement plans that cover substantially all employees. The actuarial present values of accumulated plan benefits and net assets available for benefits relating to only WFI's employees are not available.

WFI's employees are eligible for benefits under WFC's 401(k) Plan. Under the 401(k) Plan, each eligible employee may contribute up to 25% of their pretax certified compensation, although certain employees who are considered "highly compensated" under the Internal Revenue Code may be subject to certain limitations. Eligible employees who complete one year of service are eligible for matching company

WELLS FARGO INVESTMENTS, LLC

Notes to Statement of Financial Condition

December 31, 20003

(in thousands)

contributions, which are generally a dollar for dollar match up to 6% of an employee's certified compensation. The matching contributions are invested in WFC's common stock and are generally subject to a four-year vesting schedule.

(11) Financial Instruments With Off-Balance-Sheet Risk

In the normal course of business, WFI engages in activities involving the execution, settlement and financing of various securities transactions. These activities may expose WFI to off-balance-sheet risk in the event that the other party to the transaction is unable to fulfill its contractual obligations.

Customer securities transactions are recorded on a settlement date basis, which is generally three business days after the trade date. WFI is, therefore, exposed to risk of loss on these transactions in the event of the customer's or broker's inability to meet the terms of their contracts, in which case WFI may have to purchase or sell financial instruments at prevailing market prices. WFI has established procedures to reduce this risk by requiring deposits from customers for certain types of trades.

As customers write option contracts or sell securities short, WFI may incur losses in the event customers do not fulfill their obligations and the collateral in the customer's account is not sufficient to fully cover losses which customers may incur from these strategies. WFI seeks to control the risks associated with its customers' activities, including the customer accounts of its correspondents for which it provides clearing services, by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The required margin levels are monitored daily and, pursuant to such guidelines, customers are required to deposit additional collateral when necessary or to reduce positions when acceptable.

At times, WFI arranges secured financing by pledging securities owned for short-term borrowing and to satisfy margin deposits of clearing organizations. WFI also actively participates in borrowing and lending of securities other than those of its customers. In the event the counterparty in these and other securities loaned transactions is unable to return such securities pledged or repay the deposit placed with them, WFI may be exposed to the risks of acquiring the securities at prevailing market prices or holding collateral possessing a market value less than that of the related pledged securities. WFI seeks to control the risks by monitoring the market value of securities pledged and requiring adjustments of collateral levels where necessary.