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

AA 3/8/2004 \*\*  
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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

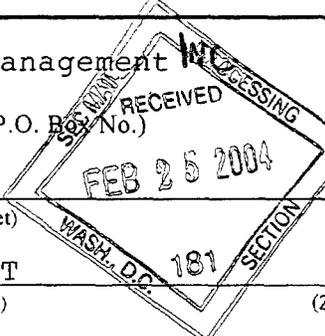
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8- 50313

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 01-01-03 AND ENDING 12-31-03  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Taylor Capital Management  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
10 Carpenters Brook Road  
(No. and Street)  
Greenwich CT 06830  
(City) (State) (Zip Code)  
NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
FRANCIS M. TAYLOR (203)-531-9729  
(Area Code - Telephone Number)



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43559  
FIRM I.D. NO.

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Nelson, Mayoka & Company Certified Public Accountants  
(Name - if individual, state last, first, middle name)  
7 High Street Suite 212, Huntington NY 11743  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

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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, Francis M. Taylor, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Taylor Capitle Management, as of December 31, 2004, 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:

GLORIA M. REILLY
NOTARY PUBLIC
MY COMMISSION EXPIRES MAY 31, 2007

Signature: [Handwritten Signature]
President
Title

[Handwritten Signature]
Notary Public Feb 20/2004

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

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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

TAYLOR CAPITAL MANAGEMENT INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

TAYLOR CAPITAL MANAGEMENT INC.  
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## Nelson, Mayoka & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

551 5<sup>TH</sup> Avenue  
New York, New York  
10176-0001

Tel. (212) 697-7979  
Fax (212) 697-8997

DIRECT LINE

### Independent Auditor's Report

To The Shareholder  
Taylor Capital Management Inc

We have audited the accompanying statement of financial condition of Taylor Capital Management Inc., as of December 31, 2003 and the related statements of income, changes in stockholders equity, cash flows, and changes in liabilities subordinated to claims and general creditors for the year 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. 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 Taylor Capital Management Inc. as of December 31, 2003, and the results of operations and its cash flows for the year then ended in conformity with generally accepted accounting principles of 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 the Supplemental Schedules I, II, III, and IV is presented for the purposes of additional analysis and is not required for a fair presentation of the financial statements, but is supplementary information required by rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in our 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.

*Nelson, Mayoka and Company, PC*  
*New York, New York*  
*February 14, 2004*

Taylor Capital Management Inc.  
Statement of Financial Condition  
December 31, 2003

<u>Assets</u>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents (Note 1)	\$ 152,694
Commissions Receivable	3,955
	156,649
Fixed Assets	
Equipment, Furniture & Fixtures	3,427
Accumulated Depreciation	(3,336)
<b>TOTAL ASSETS</b>	<b><u>\$ 156,740</u></b>
 <u>Liabilities</u>	
Accrued Expenses	<u>\$ 2,000</u>
 <u>Stockholders' Equity</u>	
Stockholders' equity (Notes 4 and 5)	
Common Stock	500
Paid in Capital	347,601
Retained Earnings (Deficit)	<u>(193,361)</u>
Total stockholders' equity	<u>154,740</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 156,740</u></b>

The accompanying notes are an integral part of these financial statements

Exhibit B

Taylor Capital Management Inc.  
 Statement of Income  
 For the Year Ended December 31, 2003

Revenues	
Management fees	\$ 43,314
	<u>43,314</u>
Expenses	
Operating expenses	(185,854)
Net Income before povision for income taxes	(142,540)
Provision for income taxes (Note 3)	<u>(300)</u>
Net loss	<u>\$ (142,840)</u>
Income per shareof common stock (Note 5):	
Net loss	<u>\$ (28.57)</u>
Weighted average shares outstanding (Note 5)	<u>5,000</u>
Book value per share	<u>\$ 30.95</u>

The accompanying notes are an integral part of these financial statements

Exhibit C

Taylor Capital Management Inc.  
 Statement of Changes in Stockholders' Equity  
 For the Year Ended December 31, 2003

	<u>Pain in Capital</u>	<u>Capital Stock</u>	
		<u>Common</u>	<u>Retained Earnings (Deficit)</u>
Balances at			
January 1, 2003	\$ 73,131	\$ 5,000	\$ (50,521)
Contributions	274,470		
Net loss	-	-	(142,840)
	<hr/>	<hr/>	<hr/>
Balances at			
December 31, 2003	<u>\$ 347,601</u>	<u>\$ 5,000</u>	<u>\$ (193,361)</u>

The accompanying notes are an integral part of these financial statements

Taylor Capital Management Inc.  
Statement of Cash Flows  
For the Year Ended December 31, 2003

Cash flows from operating activities	
Net loss	\$ (142,840)
Depreciation	925
Adjustments to reconcile net Income to net cash provided by operating activities:	
Increase in Commissions Receivable	(3,165)
	<hr/>
Net cash used in operating activities	<u>(145,080)</u>
Cash flows from financing activities	
Paid In Capital	<u>274,470</u>
Net cash provided by financing activities	274,470
Net increase in cash and cash equivalents	129,390
Cash and cash equivalents - beginning of year	<u>23,304</u>
Cash and cash equivalents - end of year	<u><u>\$ 152,694</u></u>

The accompanying notes are an integral part of these financial statements

Exhibit E

Taylor Capital Management Inc.  
Statement of Changes in Liabilities  
Subordinated to Claims and General Creditors  
For the Year Ended December 31, 2003

Subordinated liabilities at January 1, 2003	<u>\$ 2,000</u>
Subordinated liabilities at December 31, 2003	<u><u>\$ 2,000</u></u>

The accompanying notes are an integral part of these financial statements

EXHIBIT F

TAYLOR CAPITAL MANAGEMENT INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003

Note 1 - Summary of Significant Accounting Policies

Securities transactions are recorded on a trade date basis.

The company considers all highly liquid investments with an initial maturity date of three months or less when purchased to be "cash equivalents".

Income per share is computed on the basis of the weighted average number of common stock and common stock equivalent shares outstanding during the year

Note 2 - Securities owned

As of the balance sheet date the company does not own any corporate stocks or debt instruments. Marketable securities consist of mutual funds stated at fair market value.

Note 3 - Income Taxes

The Income Tax Provision consists of the following:

State	<u>\$300</u>
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Note 4 - Net Capital Requirements

Pursuant to the Basic Uniform Net Capital provisions of the Securities and Exchange Commission, the Company is required to maintain a minimum net capital, as defined, in such provisions. Further, the provisions require that the ratio of aggregate indebtedness, as defined, to net capital shall not exceed 15 to 1. Net capital and the related net capital ratios may fluctuate on a daily basis. At December 31, 2003, the company had net capital and net capital requirements of approximately \$154,649 and \$5,000 respectively. The Company's net capital ratio was 30.92 to 1.

TAYLOR CAPITAL MANAGEMENT INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003

Note 5 - Capital Stock and Stock Options

The company received additional paid in capital aggregating approximately \$274,470 in 2003 from its sole shareholder.

The authorized, issued and outstanding shares of capital stock at December 31, 2003 were as follows:

Common stock, \$.10 par value: 5,000 shares authorized, issued and outstanding.

Note 6 - Financial Instruments with Off-Balance Sheet Risk

In the normal course of business, the Company executes, as agent, transactions on behalf of customers. If the agency transactions do not settle because of failure to perform by either customer or the counterparty, the Company may be obligated to discharge the obligation of the nonperforming party and, as a result, may incur a loss if the market value of the security is different from the contract amount of the transactions.

The company does not anticipate nonperformance by customers or counterparties in the above situation. The Company's policy is to monitor its market exposure and counterparty risk. In addition, the company has a policy of reviewing, as considered necessary, the credit standing of each counterparty and customer with which it conducts business.

## Schedule I

Taylor Capital Management Inc.  
Statement of Changes in Liabilities  
Subordinated to Claims and General Creditors  
For the Year Ended December 31, 2003

Computation of Net Capital

Net capital from stockholders' equity before haircuts on security positions	\$ 154,740
Less	
Non Allowable Assets	91
Net Capital before Haircuts	<u>154,649</u>
Haircuts	<u>-</u>
Net Capital	<u>154,649</u>

Computation of Basic Net Capital Requirement

Net Capital	154,649
Minimum net capital requirements of reporting broker-dealer	<u>5,000</u>
Excess net capital	<u>\$ 149,649</u>

Computation of Aggregate Indebtedness

Total aggregate indebtedness liabilities	<u>\$ 2,000</u>
Percentage of Aggregate indebtedness to net capital	<u>1%</u>

The accompanying notes are an integral part of these financial statements

Schedule II

Taylor Capital Management Inc.  
Statement of Changes in Liabilities  
Subordinated to Claims and General Creditors  
For the Year Ended December 31, 2003

Reconciliation with Company's computation included in  
Part II of Form X 17A-5 as of December 31, 2003

Net capital , as reported in Company's Part II (Unaudited) Focus Report	\$ 154,649
Net audit adjustments	<u>-</u>
Net capital per above	<u>\$ 154,649</u>

The accompanying notes are an integral part of these financial statements

Schedule III

Taylor Capital Management Inc.

Information Relating to Possession or control Requirements Under  
Rule 15c3-3 of the Securities and Exchange Commission  
As of December 31, 2003

The company claims exemption from the requirements of Rule 15c3-3 under  
Section (k) (2) of the Rule.

The accompanying notes are an integral part of these financial statements

Taylor Capital Management Inc.

A Report Describing Any Material Inadequacies Found  
to Exist or Found to Have Existed Since the  
Date of the Previous Audit.  
As of December 31, 2003

No material inadequacies were found to exist as of December 31, 2003 with respect to the company's internal control system.

The accompanying notes are an integral part of these financial statements