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SECURITIES



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

SEC FILE NUMBER  
 8- 35871

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 01/01/2003 AND ENDING 12/31/2003  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Seward, Groves, Richard & Wells, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
 36 West 44th Street - Suite 1310

OFFICIAL USE ONLY  
 FIRM I.D. NO.

New York (City) (No. and Street) NY (State) 10036 (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
 Kenneth P. Wlosek 800-264-0015  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

David Tarlow & Co., C.P.A., P.C. d/b/a Tarlow & Co., C.P.A.'S  
(Name - if individual, state last, first, middle name)

7 Penn Plaza, Suite 804 (Address) New York, (City) New York (State) 10001 (Zip Code)

CHECK ONE:

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

PROCESSED  
 OCT 22 2004  
 THOMSON FINANCIAL

**FOR OFFICIAL USE ONLY**

\*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)

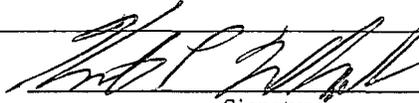
SEC 1410 (06-02)

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DP 10-21

OATH OR AFFIRMATION

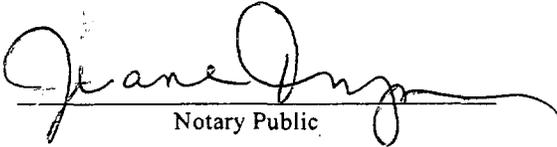
I, Kenneth P. Wlosek, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Seward, Groves, Richard & Wells, Inc., as of December 31, 2003, are true and correct. I further swear (or affirm) that neither the 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:



Signature

Managing Director

Title

  
Notary Public

JEANNE THOMPSON  
A Notary Public of New Jersey  
My Commission Expires May 3, 2007

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~~ Cash Flows.
- (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).



TARLOW & CO., C.P.A.'S  
A PROFESSIONAL CORPORATION

7 Penn Plaza, Suite 804, New York, N.Y. 10001 Tel. 212-697-8540 Fax. 212-573-6805

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Seward, Groves, Richard & Wells, Inc.

We have audited the accompanying statement of financial condition of Seward, Groves, Richard & Wells, Inc., as of December 31, 2003, and the related statements of income, changes in stockholder's equity and cash flows 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 Seward, Groves, Richard & Wells, Inc., as of December 31, 2003, and the results of its operations and its cash flows 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 Page 10 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.

*Tarlow & Co., CPAs*

New York, New York  
February 23, 2004

## SEWARD, GROVES, RICHARD &amp; WELLS, INC.

## STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2003

ASSETS

Cash	\$ 10,532	
Investments	<u>3,300</u>	
<b>Total assets</b>		<b><u>\$ 13,832</u></b>

LIABILITIES AND STOCKHOLDER'S EQUITYLiabilities

Accounts payable and accrued expenses		\$ 4,367
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Stockholder's Equity

Common stock, no par value, 1,000 shares authorized, issued and outstanding	\$ 19,000	
Additional paid-in capital	5,000	
Accumulated deficit	<u>( 14,535)</u>	
Total stockholder's equity		<u>9,465</u>
<b>Total liabilities and stockholder's equity</b>		<b><u>\$ 13,832</u></b>

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

SEWARD, GROVES, RICHARD & WELLS, INC.

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2003

**Revenue**

Commission income	\$ 214,298
Other	<u>297</u>

Total revenue	\$ 214,595
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**Expenses**

Commission expense	206,118
Regulatory fees	8,664
Professional fees	1,700
Other	<u>550</u>

Total expenses	<u>217,032</u>
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Loss before provision for income taxes	( 2,437)
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Provision for income taxes	<u>1,401</u>
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Net loss	<u><u>\$ ( 3,838)</u></u>
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The accompanying notes are an integral part of these financial statements.

SEWARD, GROVES, RICHARD & WELLS, INC.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

YEAR ENDED DECEMBER 31, 2003

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance as of December 31, 2002	\$ 19,000	\$ 5,000	\$( 10,697)	\$ 13,303
Net loss	_____	_____	( 3,838)	( 3,838)
Balance as of December 31, 2003	<u>\$ 19,000</u>	<u>\$ 5,000</u>	<u>\$( 14,535)</u>	<u>\$ 9,465</u>

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

SEWARD, GROVES, RICHARD & WELLS, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2003

**Cash flows from operating activities**

Net loss	\$ (3,838)
Adjustment to reconcile net loss to net cash used in operating activities:	
Increase (decrease) in:	
Accounts payable and accrued expenses	<u>(1,535)</u>
Net cash used in operating activities	\$ (5,373)
Cash at beginning of year	<u>15,905</u>
Cash at end of year	<u>\$ 10,532</u>

**Supplemental disclosures of cash flow information:**

Cash paid during the year for:	
Income taxes	\$ 1,776
Interest	\$ -

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

**SEWARD, GROVES, RICHARD & WELLS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2003**

**NOTE 1 - ORGANIZATION**

Seward, Groves, Richard & Wells, Inc., (the "Company") is a securities broker- dealer licensed and qualified to transact business under the Securities and Exchange Act of 1934. The Company acts as a broker-dealer in the sale of interests in direct participation programs.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash Equivalents**

The Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition**

The Company recognizes commission income ten days after the later of the closing of an offering or the receipt of gross proceeds from partnership units sold by the Company.

**NOTE 3 - NET CAPITAL REQUIREMENTS**

The Company is subject to the SEC Uniform Net Capital Rule (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 8 to 1. As of December 31, 2003, the Company had net capital of \$6,165, which was \$1,165 more than its required minimum net capital of \$5,000.

**SUPPLEMENTARY INFORMATION**

SEWARD, GROVES, RICHARD & WELLS, INC

SUPPLEMENTARY INFORMATION

COMPUTATION OF NET CAPITAL PURSUANT TO UNIFORM  
NET CAPITAL RULE 15c3-1

DECEMBER 31, 2003

**Net Capital**

Stockholder's Equity	\$ 9,465
Less: Non allowable assets	<u>3,300</u>

**Net Capital Per Rule 15c3-1** \$ 6,165

Minimum Net Capital Requirement – 6 2/3 % of  
aggregate indebtedness of \$4,367 or \$5,000  
whichever is greater 5,000

Excess net capital \$ 1,165

**Aggregate Indebtedness**

Accounts payable and accrued expenses \$ 4,367

Ratio of aggregate indebtedness to net capital 0.71 to 1

No material differences exist between the above computation and the computation included in the Company's corresponding unaudited Form X-17A-5 Part IIA filing.

**REPORT ON INTERNAL CONTROL STRUCTURE**



TARLOW & CO., C.P.A.'S  
A PROFESSIONAL CORPORATION

7 Penn Plaza, Suite 804, New York, N.Y. 10001 Tel. 212-697-8540 Fax. 212-573-6805

To The Board of Directors  
Seward, Groves, Richard & Wells, Inc.

In planning and performing our audit of the financial statements of Seward, Groves, Richard & Wells, Inc. (the "Company"), for the year ended December 31, 2003, 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 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 objectives stated in rule 17a-5(g) in making the periodic computation of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining 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 the 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 internal control structure policies and procedures 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 an internal control structure 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 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 conformity with generally accepted accounting principles. 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 structure 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. 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, 2003, to meet the SEC's objectives.

This report is intended solely for the use of management, the SEC, The New York Stock Exchange and other regulatory agencies which 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.

*Tarlow & Co., C.P.A.'s*

New York, New York  
February 23, 2004

**SEWARD, GROVES, RICHARD & WELLS, INC.**

**ANNUAL REPORT**

**DECEMBER 31, 2003**

**SEWARD, GROVES, RICHARD & WELLS, INC.**

**TABLE OF CONTENTS**

	<u>Page No.</u>
<b>Form X-17A-5 Facing Page</b>	1
<b>Oath or Affirmation</b>	2
<b>Independent Auditor's Report</b>	3
<b>Financial Statements:</b>	
Statement of Financial Condition	4
Statement of Income	5
Statement of Changes in Stockholder's Equity	6
Statement of Cash Flows	7
Notes to Financial Statements	8
<b>Supplementary Information:</b>	
Computation of Net Capital Pursuant to Uniform Net Capital Rule 15c3-1	9
<b>Supplemental Reports:</b>	
Report on Internal Control Structure	