



04015153

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2004
Estimated average burden
hours per response.....12.00

3/18

[Handwritten signature]

SEC. S. E. C.
FEB 27 2004
505

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

SEC FILE NUMBER
8- 65257

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: DIVERSITY INVESTMENT CORP.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

236 W. 30TH STREET 15TH FLOOR

(No. and Street)

NEW YORK

NY

10001

(City)

(State)

(Zip Code)

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

Juan Consuegra

212-268-2957

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KAUFMANN, GALLUCCI & GRUMER, LLP

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

ONE BATTERY PARK PLAZA

NEW YORK

NY

10004

(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 29 2004

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)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

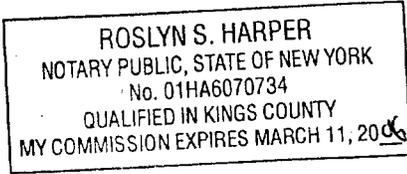
[Handwritten initials]

OATH OR AFFIRMATION

I, Juan Consuegra, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of DIVERSITY INVESTMENT CORPORATION of DECEMBER 31, 20 03, 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:

Three directors of Diversity Investment Corporation ("the firm") hold personal accounts with the firm.

All clients of the firm are introduced to a clearing organization on a fully - disclosed basis.



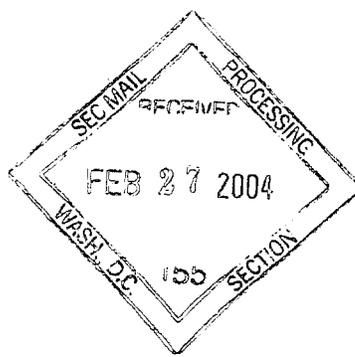
Handwritten signature of CFO over a line, with 'Signature' and 'CFO' printed below. A second line below is labeled 'Title'.

Handwritten signature of Roslyn S. Harper over a line, with 'Notary Public' printed below.

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

- Checkboxes for items (a) through (o): (a) Facing Page, (b) Statement of Financial Condition, (c) Statement of Operations, (d) Statement of 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, (o) Independent auditor's report on internal control.

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



DIVERSITY INVESTMENT CORPORATION

**REPORT ON STATEMENT OF
FINANCIAL CONDITION**

AS OF DECEMBER 31, 2003

DIVERSITY INVESTMENT CORPORATION

INDEX

	<u>Page</u>
Independent Auditor's Report	2
Statement of financial condition	3
Notes to financial statement	4-5



**KAUFMANN,
GALLUCCI &
GRUMER LLP**

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of Diversity Investment Corporation:

We have audited the accompanying statement of financial condition of Diversity Investment Corporation (the "Company") as of December 31, 2003 that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement referred to above presents fairly, in all material respects, the financial position of Diversity Investment Corporation as of December 31, 2003 in conformity with accounting principles generally accepted in the United States of America.

January 30, 2004

Kaufmann, Gallucci & Grumer LLP

DIVERSITY INVESTMENT CORPORATION
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2003

ASSETS

Cash and cash equivalents	\$ 18,807
Receivable from and deposit with clearing organization	100,712
Other assets	<u>3,795</u>
Total assets	<u>\$ 123,314</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:

Accounts payable and accrued expenses	<u>\$ 15,125</u>
---------------------------------------	------------------

Shareholders' equity:

Common stock, no par value; 1500 shares, authorized; 50 shares issued, and outstanding	500
Additional paid-in capital	384,318
Accumulated deficit	(276,629)

Shareholders' equity:	<u>108,189</u>
-----------------------	----------------

Total liabilities and shareholders' equity	<u>\$ 123,314</u>
--	-------------------

The accompanying notes are an integral part
of this financial statement.

DIVERSITY INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2003

NOTE 1 - ORGANIZATION AND NATURE OF BUSINESS

Diversity Investment Corp. (the "Company") was incorporated on December 7, 2001, as a Delaware corporation. The Company is a registered broker-dealer with Securities and Exchange Commission and is a member of the National Association of Securities Dealers, Inc. The Company's business includes providing foreign and domestic securities brokerage services to U.S. and international clients.

All transactions for the Company's customers are cleared through a carrying broker-dealer (the "clearing firm") on a fully disclosed basis. Accordingly, open customer transactions are not reflected in the accompanying financial statements. The Company is exposed to credit losses in the event customers fail to satisfy their obligations in connection with their securities transactions. As of December 31, 2003, customer obligations to the clearing firm were collateralized by cash and securities with market values in excess of the obligations. The Company seeks to limit risk associated with non-performance by customers by monitoring all customer activity and reviewing information it receives from its clearing broker on a daily basis.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company records income related to security transactions on a trade-date basis.

The Company defines cash and cash equivalents as highly liquid investments with original maturities of three months or less at the time of purchase, other than those held for sale in the ordinary course of business.

The preparation of the 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 revenue and expenses during the reporting period. Actual results could differ from those amounts.

NOTE 3 - INCOME TAXES

For the year ended December 31, 2003, the Company incurred a net operating loss for Federal income tax purposes of approximately \$170,000. Therefore, there is no provision for Federal income tax for the year. The Company follows Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes", which recognizes both the current and deferred tax consequences of all transactions recognized in the financial statements, calculated based on the provisions of enacted tax laws, including the tax rates in effect for current and future years.

DIVERSITY INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2003

NOTE 3 - CONTINUED

Valuation allowances are established for deferred tax assets when it is more likely than not, a probability level of more than 50%, that they will not be realized. At December 31, 2003, the Company has a total net operating loss carry forward of approximately \$275,000, of which \$105,000 will expire in 2022, and \$170,000 in 2023. These losses may be used to offset future taxable income. The Company has a deferred tax asset of approximately \$110,000 related to net operating loss carry forwards. However, a valuation allowance in the amount of \$110,000 was recorded by the Company at December 31, 2003 for financial reporting purposes.

The Company is subject to State and local minimum taxes, which are included in other expenses in the Statement of Operations.

NOTE 4 - NET CAPITAL REQUIREMENTS

The Company is subject to the Net Capital Rule (Rule 15c3-1) under the Securities and Exchange Act of 1934, which requires the maintenance of minimum net capital, and requires the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Net capital and aggregate indebtedness change from day to day. At December 31, 2003, the Company had a net capital of \$54,394, which was \$49,394 in excess of its required net capital. The Company's aggregate indebtedness to net capital ratio was .27 to 1.

NOTE 5 - CONTINUING OPERATIONS AND SUBSEQUENT EVENT

The shareholders have committed to fund operating deficits of the Company, if any, through January 1, 2005. Subsequent to December 31, 2003, a contribution of \$5,000 as additional paid-in capital was made by the principal shareholder.