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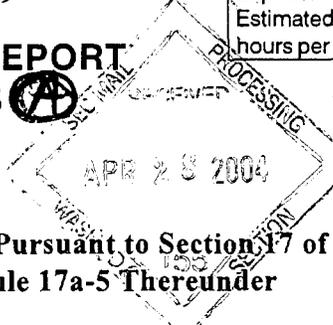
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

(A)

VF 4-29-04

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

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



SEC FILE NUMBER
8-46922

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 1/1/03 AND ENDING 12/31/03  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Vertical Capital Partners, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

488 Madison Avenue, 8th Floor  
(No. and Street)

New York, NY  
(City)

NY  
(State)

10022  
(Zip Code)

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

Ronald Heineman; (212) 446-0006

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Radin, Glass & Co., LLP  
(Name - if individual, state last, first, middle name)

360 Lexington Ave, 22nd Floor, New York, NY  
(Address) (City) (State)

10017  
(Zip Code)

CHECK ONE:

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

**PROCESSED**  
MAY 05 2004  
THOMSON FINANCIAL

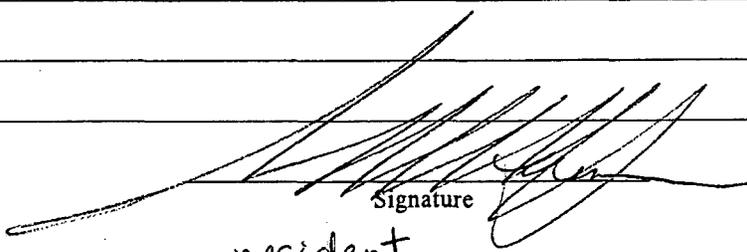
FOR OFFICIAL USE ONLY

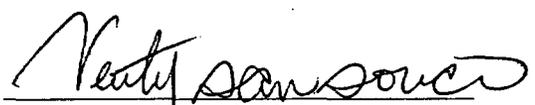
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Ronald Heineman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Vertical Capital Partners, 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  
president  
Title

  
Notary Public

VERITY SANSOUCI  
Notary Public, State of New York  
No. 01SA6039018  
Qualified in Queens County  
Commission Expires March 20, 2006

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).

## Vertical Capital Partners, Inc.

## Reconciliation of Net Capital Under Rule 15c3-1

December 31, 2003

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Reconciliation of the computation of net capital pursuant to Rule 15c3-1 with the corresponding computation contained in the unaudited Part II filing of Form X-17A-5	
Net capital per computation contained in Part IIA of Form X-17A-5	\$ 179,856
Audit adjustments:	
Legal expenses	<u>(33,528)</u>
Net capital per audited report	<u>\$ 146,328</u>

**Radin, Glass & Co., LLP**

Certified Public Accountants

360 Lexington Avenue  
New York, NY 10017  
212.557.7505  
Fax: 212.557.7591

**rg**



April 20, 2004

Ms Adriana Chong  
NASD  
New York District Office  
One Liberty Plaza  
New York, NY 10006

Re: Vertical Capital Partners, Inc.

Dear Ms Chong:

We are in receipt of your letter, dated April 14, 2004, to Mr. Ronald Heineman of Vertical Capital Partners, Inc., a copy of which is attached.

Attached is the revised Schedule II, *Reconciliation of Net Capital Under Rule 15c3-1*. We believe the revised Schedule II provides the necessary information to resolve the deficiency on the report previously submitted to NASD. The additional legal fees are accrued based on a legal confirmation received during the audit. The invoices for these legal fees were received by the Company after the FOCUS report was filed.

Please do not hesitate to contact the undersigned directly should you have any questions or require any additional information.

Very truly yours,

A handwritten signature in black ink, appearing to read "Helen R. Liao".

Helen R. Liao

encl:

cc: Ronald Heineman, Vertical Capital Partners, Inc.  
Ramona Lopez, Securities and Exchange Commission (Fax: 646-428-1983)