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SECURITIES AND COMMISSION
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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 01/01/04 AND ENDING 12/31/04
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

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

OFFICIAL USE ONLY
FIRM I.D. NO.

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

400-D Lake Street, Suite C

(No. and Street)

Ramsey

(City)

NJ

(State)

07446

(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)

NY

(State)

10001

(Zip Code)

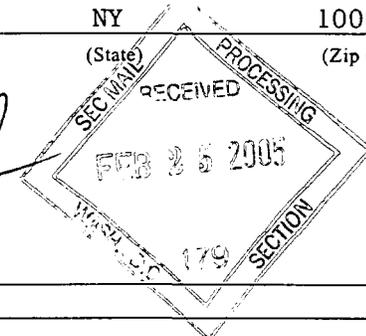
CHECK ONE:

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

PROCESSED

MAR 15 2005

THOMSON
FINANCIAL



FOR OFFICIAL USE ONLY

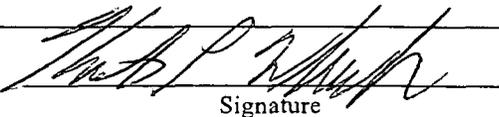
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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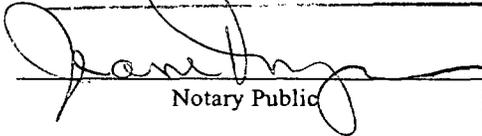
OATH OR AFFIRMATION

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, 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:


Signature

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

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).

SEWARD, GROVES, RICHARD & WELLS, INC.

ANNUAL REPORT

DECEMBER 31, 2004

SEWARD, GROVES, RICHARD & WELLS, INC.

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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, 2004, 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, 2004, 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 on page 9 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., C.P.A.'s

New York, New York
February 18, 2005

SEWARD, GROVES, RICHARD & WELLS, INC.

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2004

ASSETS

Cash	\$	27,814	
Investments		<u>3,300</u>	
Total assets			\$ <u>31,114</u>

LIABILITIES AND STOCKHOLDER'S EQUITYLiabilities

Accounts payable and accrued expenses	\$	8,369
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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>(1,255)</u>	
Total stockholder's equity			<u>22,745</u>
Total liabilities and stockholder's equity			\$ <u>31,114</u>

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

SEWARD, GROVES, RICHARD & WELLS, INC.

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2004

Revenue

Commission income	\$ 546,906	
Other	<u>265</u>	
Total revenue		\$ 547,171

Expenses

Commission expense	522,760	
Regulatory fees	7,156	
Professional fees	2,192	
Other	<u>454</u>	
Total expenses		<u>532,562</u>
Income before provision for income taxes		14,609
Provision for income taxes		<u>1,329</u>
Net income		<u>\$ 13,280</u>

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, 2004

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance as of December 31, 2003	\$ 19,000	\$ 5,000	\$ (14,535)	\$ 9,465
Net income			13,280	13,280
Balance as of December 31, 2004	<u>\$ 19,000</u>	<u>\$ 5,000</u>	<u>\$ (1,255)</u>	<u>\$ 22,745</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, 2004

Cash flows from operating activities

Net income	\$ 13,280	
Adjustment to reconcile net income to net cash provided by operating activities		
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>4,002</u>	
Net cash provided by operating activities		\$ 17,282
Cash at beginning of year		<u>10,532</u>
Cash at end of year		<u>\$ 27,814</u>

Supplemental disclosures of cash flow information

Cash paid during the year for:		
Income taxes		\$ 174
Interest		\$ -

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

SEWARD, GROVES, RICHARD & WELLS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

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, 2004, the Company had net capital of \$19,445, which was \$14,445 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, 2004

Net capital

Stockholder's Equity	\$ 22,745
Less: Non allowable assets	<u>3,300</u>

Net Capital Per Rule 15c3-1	\$ 19,445
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Minimum Net Capital Requirement - 6 2/3 % of aggregate indebtedness of \$8,369 or \$5,000 whichever is greater	<u>5,000</u>
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Excess net capital	<u>\$ 14,445</u>
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Aggregate Indebtedness

Accounts payable and accrued expenses	<u>\$ 8,369</u>
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Ratio of aggregate indebtedness to net capital	<u>0.43 to 1</u>
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Reconciliation with Company's Computation**(included in Part II of form X-17-A-5) as of December 31, 2004**

Accounts payable and accrued expenses	<u>\$ 565</u>
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Audit adjustments	565
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Net capital, as filed	<u>18,880</u>
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Net capital as adjusted, per above	<u>\$ 19,445</u>
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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, 2004, 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, 2004, 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 18, 2005