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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549



6-27

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

SEC FILE NUMBER

~~8-35606~~

8-37689

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 05/01/02 AND ENDING 04/30/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Rhodes Securities, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

306 West Seventh Street, Suite 505

(No. and Street)

Fort Worth

Texas

76102

(City)

(State)

(Zip Code)

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

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Cheshier & Fuller, L.L.P.

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

14175 Proton Rd.

Dallas

TX

75244

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

JUL 16 2003

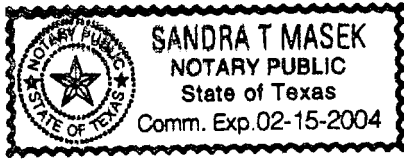
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THOMSON FINANCIAL

*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).

OATH OR AFFIRMATION

I, Jim Rhodes, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Rhodes Securities, Inc., as of April 30, 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:

N/A



[Signature]
Signature

President
Title

Sandra T. Masek
Notary Public

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows
- (e) Statement of Changes in Stockholders' Equity or partners' or Sole Proprietor's 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 15c3-1 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).

RHODES SECURITIES, INC.

REPORT PURSUANT TO RULE 17a-5(d)

YEAR ENDED APRIL 30, 2003

RHODES SECURITIES, INC.

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF FINANCIAL CONDITION	2
STATEMENT OF INCOME	3
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY	4
STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7 - 9
SUPPORTING SCHEDULES	
Schedule I: Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission	11- 12
Schedule II: Computation for Determination of Reserve Requirements Under Rule 15c3-3 of the Securities and Exchange Commission	13
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5	15- 16



Cheshier & Fuller, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SEC PRACTICE SECTION OF AICPA
TEXAS SOCIETY OF CERTIFIED
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rhodes Securities, Inc.

We have audited the accompanying statement of financial condition of Rhodes Securities, Inc., as of April 30, 2003, and the related statements of income, changes in stockholders' equity, changes in liabilities subordinated to claims of general creditors, and cash flows 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 auditing standards generally accepted in the United States. 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 Rhodes Securities, Inc., as of April 30, 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Schedules I and II 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 of the Securities and Exchange Commission. 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.

Cheshier & Fuller, L.L.P.

CHESHIER & FULLER, L.L.P.

Dallas, Texas
May 29, 2003

RHODES SECURITIES, INC.
Statement of Financial Condition
April 30 ,2003

ASSETS

Cash	\$ 71,862
Receivable from brokers and dealers	172,040
Property and equipment, at cost, net of accumulated depreciation of \$16,507	5,099
Securities owned, not readily marketable	6,800
Notes receivable-stockholder	59,750
Other assets	10,936
	<u> </u>
	<u>\$ 326,487</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities

Accounts payable and accrued liabilities	\$ 169,131
Income taxes payable	1,370
	<u> </u>
	170,501

Stockholders' Equity

Preferred stock, no par value, 5,000,000 shares authorized, 67,890 shares of Series 1 issued, -0- shares outstanding. Redeemable at discretion of Company for \$1 per share; dividends paid at discretion of Board of Directors	--
Common stock, no par value, 10,000,000 shares authorized, 99,000 shares issued, 95,997 shares outstanding, and 3,003 shares held in treasury	21,000
Additional paid-in capital	33,100
Less: Treasury stock, at cost	(20,000)
Retained earnings	121,886
	<u> </u>
Total stockholders' equity	155,986
	<u> </u>
	<u>\$ 326,487</u>

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

RHODES SECURITIES, INC.
Statement of Income
For the Year Ended April 30, 2003

Revenues:	
Commissions	\$ 2,405,507
Interest	<u>130,753</u>
	<u>2,536,260</u>
Expenses:	
Commissions paid registered representatives	1,894,216
Compensation of officers and employees	261,697
Commissions and clearance paid all other brokers	189,496
Communications	20,248
Occupancy and equipment costs	34,377
Promotional costs	33,524
Losses in error account and bad debts	8,921
Regulatory fees and expenses	32,369
Other	<u>59,991</u>
	<u>2,534,839</u>
Net income before income taxes	1,421
Provision for income taxes	<u>2,667</u>
Net loss	<u><u>\$ (1,246)</u></u>

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

RHODES SECURITIES, INC.
Statement of Changes in Stockholders' Equity
For the Year Ended April 30, 2003

	<u>Preferred Stock</u>	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Treasury Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, April 30, 2002	\$ --	\$ 21,000	\$ 33,100	\$ (20,000)	\$ 123,132	\$ 157,232
Net loss					(1,246)	(1,246)
Balance, April 30, 2003	<u>\$ --</u>	<u>\$ 21,000</u>	<u>\$ 33,100</u>	<u>\$ (20,000)</u>	<u>\$ 121,886</u>	<u>\$ 155,986</u>

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

RHODES SECURITIES, INC.
Statement of Changes in Liabilities Subordinated to the Claims of General Creditors
For the Year Ended April 30, 2003

Balance, April 30, 2002	\$	--
Additions		--
Retirements		--
		<hr/>
Balance, April 30, 2003	\$	--
		<hr/> <hr/>

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

RHODES SECURITIES, INC.
Statement of Cash Flows
For the Year Ended April 30, 2003

Cash flows from operating activities

Net loss	\$ (1,246)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:	
Depreciation	1,746
Changes in operating assets and liabilities:	
Decrease in receivable from brokers and dealers	9,190
Increase in other assets	(1,821)
Decrease in accounts payable and accrued expenses	(18,598)
Decrease in income taxes payable	<u>(160)</u>
Net cash used by operating activities	<u>(10,889)</u>

Cash flows from investing activities

Loans to stockholder	<u>(12,838)</u>
Net cash used by investing activities	<u>(12,838)</u>

Cash flows from financing activities

Net cash provided (used) by financing activities	<u>--</u>
--	-----------

Net decrease in cash	(23,727)
Beginning cash	<u>95,589</u>
Ending cash	<u>\$ 71,862</u>

Supplemental Disclosures

Cash paid for:	
Income taxes	<u>\$ 1,297</u>

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

RHODES SECURITIES, INC.
Notes to the Financial Statements
April 30, 2003

Note 1 - Summary of Significant Accounting Policies

Rhodes Securities, Inc. ("the Company") is a broker-dealer in securities registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD). The Company operates under the exemptive provisions of (S.E.C.) Rule 15c3-3(k)(2)(ii). The exemptive provisions provide that all the funds and securities belonging to customers are handled by a clearing broker-dealer. The Company's main office is located in Ft. Worth, Texas and a branch office is located in Oklahoma City, Oklahoma. Additionally, the Company has several offsite representatives located throughout its market area.

Securities transactions (and related commission revenue and expense) are recorded on a trade date basis. Receivable from brokers and dealers is with the Company's clearing broker-dealer which is located in Richmond, Virginia.

Property and equipment are recorded at cost and consist of furniture, office equipment and leasehold improvements. Depreciation and amortization are computed using straight-line and accelerated methods over estimated useful lives of 5 to 7 years for furniture and office equipment and 31 years for leasehold improvements.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due. The provision for Federal income taxes differs from the expected amount using statutory rates because certain expenses included in the determination of net income are non-deductible for tax reporting purposes.

The preparation of financial statements in conformity with U.S. 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.

Note 2 - Net Capital Requirements

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis.

RHODES SECURITIES, INC.
Notes to the Financial Statements
April 30, 2003

Note 2 - Net Capital Requirements, continued

At April 30, 2003, the Company had net capital of approximately \$69,401 and net capital requirements of \$50,000. The Company's ratio of aggregate indebtedness to net capital was 2.46 to 1. The SEC permits a ratio of no greater than 15 to 1.

Note 3 - Possession or Control Requirements

The Company does not have any possession or control of customer funds or securities. There were no material inadequacies in the procedures followed in adhering to the exemptive provisions of (S.E.C.) Rule 15c3-3(k)(2)(ii) by promptly transmitting all customer funds and securities to the clearing broker who carries the customer accounts.

Note 4- Concentration Risk

The Company maintained cash balances in excess of federally insured limits of \$100,000 at various times during the year ended April 30, 2003.

Note 5- Defined Contribution Plan

The Company has a qualified 401(k) and profit sharing plan which covers all employees meeting certain eligibility requirements. Employees may contribute as much as 20% of their compensation up to a maximum of \$10,000 to the plan. The Company may make matching 401(k) contributions or profit sharing contributions at its sole discretion. Total plan costs aggregated \$16,438 for the year ended April 30, 2003.

Note 6 - Commitments and Contingencies

The Company is required to indemnify its clearing broker/dealer if a customer fails to settle a securities transaction, according to its clearing agreement. This activity may expose the Company to off balance sheet risk. In the event a customer fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the customer's obligations. Management was neither aware, nor had it been notified of any potential indemnification loss at April 30, 2003.

RHODES SECURITIES, INC.
Notes to the Financial Statements
April 30, 2003

Note 6 - Commitments and Contingencies, continued

The Company is involved in a lawsuit incidental to its securities business. The Plaintiff is alleging damages in excess of \$10,000, plus unspecified damages. Management is vigorously defending against these allegations. The claims are being handled by legal counsel through the Company's insurance carrier.

The Company leases office space under a non-cancelable operating lease. The lease calls for base rent plus utilities and can be adjusted for increases in building operating expenses. Future minimum rentals are as follows:

<u>Year Ending</u> <u>April 30,</u>	
2004	\$10,285
2005	<u>862</u>
	<u>\$11,147</u>

Rental expense for the year ended April 30, 2003 aggregated \$10,885.

Note 7 - Related Party Transactions

The Company has notes receivable from a stockholder with balances aggregating \$59,750 at April 30, 2003. The notes are due on demand, bear interest between 1.46% and 1.81% per annum and are unsecured.

Supplemental Information
Pursuant to Rule 17A-5
of the Securities Exchange Act of 1934
as of
April 30, 2003

Schedule I

RHODES SECURITIES, INC.

Computation of Net Capital Under Rule 15c3-1 of the Securities Exchange Commission
As of April 30, 2003

Computation of Net Capital

Total ownership equity qualified for net capital		\$ 155,986
Deductions and/or charges		
Non-allowable assets:		
Property and equipment	\$ 5,099	
Securities owned, not readily marketable	6,800	
Notes receivable-stockholder	59,750	
Other assets	<u>10,936</u>	(82,585)
Other deductions and/or charges		
Excess deductible on fidelity bond		<u>(4,000)</u>
Net capital before haircuts on securities positions		69,401
Haircuts on securities (computed, where applicable, pursuant to Rule 15c3-1(f)):		<u> --</u>
Net capital		<u><u>\$ 69,401</u></u>

Aggregate Indebtedness

Items included in statement of financial condition		
Accounts payable and accrued liabilities		\$ 169,131
Income taxes payable		<u>1,370</u>
Total aggregate indebtedness		<u><u>\$ 170,501</u></u>

Schedule I (continued)

RHODES SECURITIES, INC.

Computation of Net Capital Under Rule 15c3-1 of the Securities Exchange Commission

As of April 30, 2003

Computation of Basic Net Capital Requirement

Minimum net capital required (6 2/3% of total aggregate indebtedness) \$ 11,372

Minimum dollar net capital requirement of reporting broker or dealer \$ 50,000

Minimum net capital requirement (greater of two minimum requirement amounts) \$ 50,000

Net capital in excess of minimum required \$ 19,401

Excess net capital at 1000% \$ 52,351

Ratio: Aggregate indebtedness to net capital 2.46 to 1

Reconciliation with Company's Computation

Net capital per the Company's FOCUS IIA, April 30, 2003 \$ 81,340
Increase in accounts payable and accrued liabilities (10,000)
Increase in income taxes payable (1,939)

Net capital per report pursuant to Rule 17a-5(d), April 30, 2003 \$ 69,401

Schedule II

RHODES SECURITIES, INC.

Computation for Determination of Reserve Requirements Under

Rule 15c3-3 of the Securities Exchange Commission

As of April 30, 2003

Exemptive Provisions

The Company has claimed an exemption from Rule 15c-3-3 under section (k)(2)(ii), in which all customer transactions are cleared through another broker-dealer on a fully disclosed basis.

Company's clearing firm: First Clearing Corp.

Independent Auditor's Report

On Internal Control

Required By SEC Rule 17a-5

Year Ended April 30, 2003



Cheshier & Fuller, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SEC PRACTICE SECTION OF AICPA
TEXAS SOCIETY OF CERTIFIED
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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL
CONTROL REQUIRED BY SEC RULE 17a-5

The Board of Directors
Rhodes Securities, Inc.

In planning and performing our audit of the financial statements and supplemental information of Rhodes Securities, Inc. (the "Company"), for the year ended April 30, 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 computations of aggregate indebtedness 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 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 controls 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 internal control 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 accordance with U.S. 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, errors 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 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 April 30, 2003, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, Inc., and other regulatory agencies that 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.


CHESHER & FULLER, L.L.P.

Dallas, Texas
May 29, 2003