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SECURITIES 03053072 COMMISSION  
Washington, D.C. 20549

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

SEC FILE NUMBER  
8-49994

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 04/01/02 AND ENDING 03/31/03  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Rockwood, Inc.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
60 East 42nd Street Suite 2544

OFFICIAL USE ONLY  
FIRM I.D. NO.

(No. and Street)

New York, NY 10165  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Robert David Fuchs 212-922-2088  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

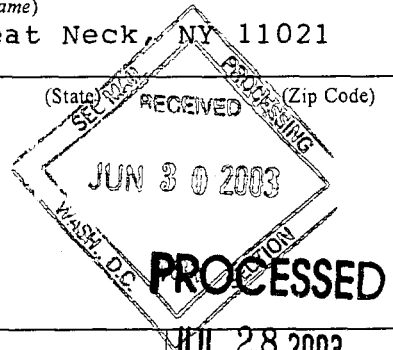
Stanley P. Wirtheim, CPA

98 Cutter Mill Rd. Suite 364S Great Neck, NY 11021  
(Name - if individual, state last, first, middle name)

(Address) (City) (State) (Zip Code)

**CHECK ONE:**

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

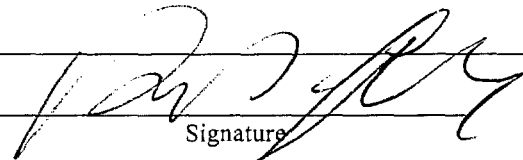


**FOR OFFICIAL USE ONLY**  
JUL 28 2003  
THOMSON FINANCIAL

\*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 upon as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Robert David Fuchs, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Rockwood, Inc., as of March 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:

  
Signature

President & CFO  
Title

  
Notary Public

ADRIANE J. BAILEY-BECK  
NOTARY PUBLIC, State of New York  
No. 01BA5030016  
Qualified in Westchester County  
Commission Expires July 5, 2004

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).

**ROCKWOOD, INC.**  
**(A Wholly-Owned Subsidiary of Santal**  
**Holdings, LLC.)**  
**(SEC I.D. No. 8-42994)**

Statement of Financial Condition and  
Independent Auditors' Report as of March 31,  
2003 and Supplemental Report on Internal  
Control

**Filed in Accordance with SEC Rule 17a-**  
**5(e)(3) as a Public Document.**

TEL: 516-773-6280  
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**STANLEY P. WIRTHEIM**  
CERTIFIED PUBLIC ACCOUNTANT

98 CUTTER MILL ROAD, SUITE 364  
GREAT NECK, NY 11021

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Rockwood, Inc.  
60 East 42 Street, Suite 2455  
New York, NY 10165

I have audited the accompanying statement of financial condition of Rockwood, Inc. (the "Company") as of March 31, 2003, and the related statements of operations, 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. My responsibility is to express an opinion on this statement of financial condition based on my audit.

I conducted my audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for our opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rockwood, Inc. as of March 31, 2003, and the results of its operations and its cash flows for the year ended, in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplemental schedules listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplemental 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Stanley P. Wirthheim CPA*

June 11, 2003

ROCKWOOD, INC.

STATEMENT OF FINANCIAL CONDITION

MARCH 31, 2003

ASSETS

Current assets:		
Cash	\$172,575	
Other investments	22,600	
Prepaid expenses and other receivables	<u>11,806</u>	
Total current assets		\$206,981
Fixed assets (net of depreciation of \$476)		<u>953</u>
		<u>\$207,934</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:		
Accounts payable and accrued expenses		\$111,000
Commitment and contingency (Notes 1 and 3)		-
Stockholder's equity:		
Common stock, \$1 par value -- shares authorized 75,000; issued and outstanding 75,000		75,000
Additional paid-in capital		342,501
Accumulated deficit		<u>(320,667)</u>
Total stockholder's equity		<u>96,834</u>
		<u>\$207,934</u>

See accompanying summary of business and significant accounting policies and notes to financial statements.

STANLEY P. WIRTHEIM

CERTIFIED PUBLIC ACCOUNTANT

ROCKWOOD, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2003

1. SIGNIFICANT ACCOUNTING POLICIES:

Business:

Rockwood, Inc, ("Company") is a wholly-owned subsidiary of Santal Holdings, LLC. ("Parent"). The Company is registered as a broker and dealer in securities pursuant to the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. The Company does not have any customers for which it clears transactions. Its primary source of income is from acting as a placement agent for investments and or loans to its clients.

Securities Transactions

Securities transactions and related commission revenues and expenses are recorded on a trade date basis. Marketable securities are valued at quoted market prices and securities not readily marketable are valued at fair value as determined by the Company. Unrealized gains and losses are included in investment and trading gains.

Cash Equivalents

Cash equivalents are highly liquid investments purchased with original maturities of three months or less.

Income taxes

The Company files a consolidated Federal income tax return and certain combined state income tax returns with the parent and certain affiliates. For financial statement purposes, the Company's provision for Federal and state income taxes has been computed on a separate company basis.

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 year. Actual results could differ from those estimates.

ROCKWOOD, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2003

2. OTHER INVESTMENTS

The Company often receives as part of its compensation options and warrants to purchase its clients stock at a predetermined price as stipulated in the respective agreement during 2002, the Company received 6,000 shares from one of its clients. These shares are traded on a national exchange and were recorded as income. These shares are being carried at fair market value. The other options and warrants are deemed to have no value. Realized and unrealized gains or losses are recorded in the statement of operations.

3. FIXED ASSETS

The Company has acquired certain software which is being depreciated over a five year period as follows:

	Cost	Accumulated Depreciation	Book Value
Software	<u>\$1,429</u>	<u>\$476</u>	<u>\$953</u>

4. RELATED PARTY TRANSACTIONS

The Company receives administrative support and utilizes assets owned by the Parent and other affiliates pursuant to certain related party agreements that do not provide for intercompany charges.

Consulting revenues consist of \$25,000 for services provided to a related party through common ownership.

5. REGULATORY NET CAPITAL REQUIREMENTS

As a registered broker/ dealer, the Company is subject to the provisions of the SEC's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum regulatory net capital and requires that the ratio of aggregate indebtedness to regulatory net capital, both as defined, shall not exceed 15 to 1. Regulatory net capital and aggregate indebtedness may fluctuate on a daily basis. As of March 31, 2003, the Company had regulatory net capital of \$72,775 and a regulatory net capital requirement of \$5,000. The Company's net capital ratio was 1.4 to 1.0.

STANLEY P. WIRTHEIM

CERTIFIED PUBLIC ACCOUNTANT

ROCKWOOD, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2003

6. FEDERAL INCOME TAXES

The Company files a consolidated federal income tax return. In addition, it has available net operating losses in excess of its federal income tax liability. The Company has no other deferred tax assets or liabilities and has taken a valuation allowance equal to its current tax liability.

7. COMMITMENTS AND CONTINGENCIES

The Company occupies its office space under a lease that expires April 30, 2004 at a monthly rental of \$11,127 along with certain standard escalation clauses. The Company currently shares its office with another company, that has agreed to pay all of the rent except for \$1200 per month.

8. CONCENTRATION OF CREDIT RISK

The Company maintains its checking and money market with balances totaling \$174,201 as of March 31, 2003. These accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000. Although one customer represented more than 10% of its revenue the Company does not perceive any risk as most of its transactions are non-recurring.



SUPPLEMENTAL MATERIAL

STANLEY P. WIRTHEIM

CERTIFIED PUBLIC ACCOUNTANT

ROCKWOOD, INC.

COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1  
AND STATEMENT PURSUANT TO RULE 17a-5(d)(4)

MARCH 31, 2003

Computation of net capital pursuant to rule 15c3-1

Computation of net capital

Total stockholder's equity from statement of financial condition	\$96,834
Deductions and/ or charges:	
Nonallowable assets:	
Prepaid expenses and other receivables	11,806
Haircuts on marketable securities	11,300
Software net of depreciation	953
Net capital	<u>\$ 72,775</u>

Computation of basic net capital requirements

Minimum net capital required, 6 2/3% of \$111,000 pursuant to Rule 15c3-1	<u>\$ 7,404</u>
Minimum dollar net capital requirement of broker dealer	<u>\$ 5,000</u>
Net capital requirement	<u>\$ 7,404</u>
Excess net capital	<u>\$ 65,371</u>

Computation of ration aggregate indebtedness to net capital

Total aggregate indebtedness	<u>\$111,000</u>
Percentage of aggregate indebtedness to net capital	<u>153%</u>

Statement pursuant to rule 17a-5(d)(4)

A reconciliation with the Company's computation of net capital as reported in the unaudited Part IIA of Form X-17A-5 was not prepared as there are no material differences between the Company's computation of net capital and the computation contained herein.

STANLEY P. WIRTHEIM

CERTIFIED PUBLIC ACCOUNTANT

ROCKWOOD, INC.

INFORMATION RELATING TO THE POSSESSION OR  
CONTROL REQUIREMENTS UNDER RULE 15C3-3

MARCH 31, 2003

The Company claims exemption from the requirements of Rule 15c3-3 under Section (k)(2)(ii) of the Rule.

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**STANLEY P. WIRTHEIM**  
CERTIFIED PUBLIC ACCOUNTANT

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GREAT NECK, NY 11021

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

Board of Directors  
Rockwood, Inc.  
60 East 42 Street, Suite 2455  
New York, NY 10165

In planning and performing my audit of the financial statements of Rockwood, Inc. (the "Company") for the year ended March 31, 2003 (on which I issued my report dated June 11, 2003), I considered its internal control, including control activities for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the Company's internal control.

Also, as required by Rule 17a-5(g)(1) under the Securities Exchange Act of 1934, I have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by the Company that I 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. I did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities.

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 and of the practices and procedures, and to assess whether those practices and procedures can be expected to achieve the Securities and Exchange Commission's (the "Commission") 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 acquisition, 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 accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control or if such practices and procedures to future periods are subject to the risk that they may become inadequate because of changes in conditions or that the degree of compliance with the practices or procedures may deteriorate.

My consideration of the Company's internal control would not necessarily disclose all matters in the Company's 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 one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by 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, I noted no matters involving the Company's internal control and its operation (including control activities for safeguarding securities) that I consider to be material weaknesses as defined above.

I understand that practices and procedures that accomplish the objective referred to in the second paragraph of this report are considered by the Commission 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 my study, I believe that the Company's practices and procedures were adequate at March 31, 2003, to meet the Commission's objectives.

This report is intended solely for the information and use of the board of directors, management, the Securities and Exchange Commission, the National Association of Securities Dealers, and other regulatory agencies that rely on Rule 17a5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should be used by anyone other than these specified parties.

*Stanley P. Wierthman CPA*

Great Neck, New York  
June 11, 2003