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SECURITIES AND  
Washington, D.C. 20549

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

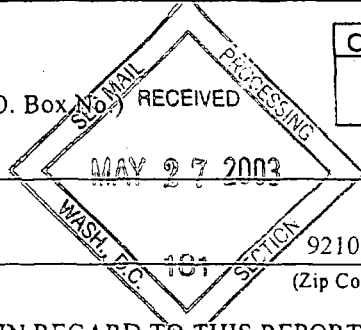
SEC FILE NUMBER  
B- 42245

**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 01/01/02 AND ENDING 12/31/02  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:  
ASHTON CAPITAL MANAGEMENT, INC.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
8880 RIO SAN DIEGO DRIVE, STE 315  
(No. and Street)  
SAN DIEGO CA 92108  
(City) (State) (Zip Code)  
NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
KATHLEEN SHAVE 619-574-6303  
(Area Code - Telephone Number)



OFFICIAL USE ONLY  
FIRM I.D. NO.

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
BAGELL, JOSEPHS & COMPANY, L.L.C.  
(Name - if individual, state last, first, middle name)  
200 HADDONFIELD BERLIN RD., STE 402 GIBBSBORO NJ 08026  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

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

PROCESSED  
JUN 06 2003

**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)

OATH OR AFFIRMATION

I, KATHLEEN SHAVE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ASHTON CAPITAL MANAGEMENT, INC., as of DECEMBER 31, 2002, 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:

Kathleen A. Shave  
Signature  
PRESIDENT  
Title

Notary Public

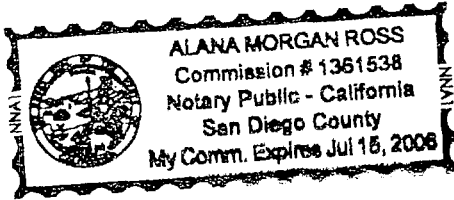
This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of 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).

**JURAT**

State of CALIFORNIA  
County of SAN DIEGO ss.



Subscribed and sworn to (or affirmed) before me  
this 21<sup>ST</sup> day of MAY, 2003, by  
(1) KATHLEEN SHAVE  
Name of Signer(s)

(2) \_\_\_\_\_  
Name of Signer(s)  
Alana Morgan Ross  
Signature of Notary Public

**OPTIONAL**

*Though the information in this section is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: ANNUAL AUDITED REPORT

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above:

**RIGHT THUMBPRINT OF SIGNER #1**  
Top of thumb here

**RIGHT THUMBPRINT OF SIGNER #2**  
Top of thumb here

ASHTON CAPITAL MANAGEMENT, INC.  
RECONCILIATION OF NET CAPITAL PURSUANT TO RULE 17a-5  
OF THE SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2002

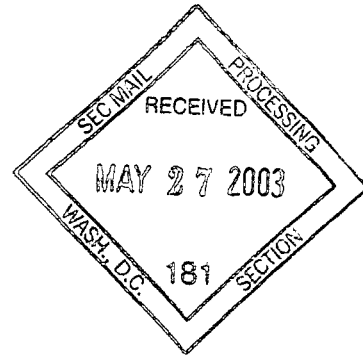
|  |                         |
|--|-------------------------|
| NET CAPITAL PER AUDITED FINANCIAL STATEMENTS     | \$ 29,064               |
| Less: Amortization of customer list asset        | <u>(6,000)</u>          |
| NET CAPITAL PER FOCUS REPORT - DECEMBER 31, 2002 | <u><u>\$ 23,064</u></u> |

**BAGELL, JOSEPHS & COMPANY, L.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

HIGH RIDGE COMMONS  
SUITES 400-403  
200 HADDONFIELD BERLIN ROAD  
GIBBSBORO, NEW JERSEY 08026  
(856) 346-2828 FAX (856) 346-2882

May 14, 2003

Pui Lee Lung  
Compliance Examiner  
NASD  
300 South Grand Avenue  
Suite 1600  
Los Angeles, CA 90071-3156



Re: Ashton Capital Management, Inc.

Dear Ms. Lung:

This letter is in response to your letter dated May 2, 2003 requesting a reconciliation, including appropriate explanations, of the audited Computation of Net Capital and the corresponding Unaudited Part IIA. The only reconciling item on the attached reconciliation is the \$6,000 amortization of the customer list asset for the year ended December 31, 2002. The proper amortization of the customer list asset is reflected in the Company's Statement of Financial Condition, Statement of Operations, Statement of Stockholders' Equity and Statement of Cash Flows. The Computation of Net Capital, however, presents the customer list asset without the \$6,000 of amortization for the year ended December 31, 2002, consequently the attached reconciliation is necessary.

If you have any further questions or concerns, please do not hesitate to contact us.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'John P. Neumann'.

John P. Neumann

JPN/bs

Enclosure

cc: Pacific Regional Office  
SEC – Washington, DC office  
Kathleen Shave, Ashton Capital Management, Inc.  
Brian Zucker