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

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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

RECEIVED
MAY 29 2003
SECTION

SEC FILE NUMBER
8 40767

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 01/01/2002 AND ENDING 12/31/2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: STEIN ABBOTT & CO. INC.

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

37 OAKLAND AVE

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

YONKERS

NY

10710

(City)

(State)

(Zip Code)

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

HOWARD STEIN

914-779-0796

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

HERMAN M. EINSCHLAG & COMPANY

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

1530 PALISADE AVE. STE 15F FORT LEE

NJ

07024

(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 11 2003
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)

Handwritten signature/initials

OATH OR AFFIRMATION

I, HOWARD STEIN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of STEIN ABBOTT & CO. INC, as of 12-31-2002, 20 , 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:

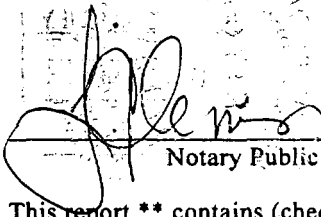
Howard Stein

Signature

PRESIDENT

Title

JOANNE CLEMONS
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Dec 18, 2003


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).

HERMAN M. EINSCHLAG & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

1530 PALISADE AVENUE

SUITE 15F

FORT LEE, NEW JERSEY 07024-1335

TELEPHONE (201) 461-7619

FAX (201) 461-3231

Item #3

Independent Auditor's Report on Internal Accounting Control

To the Shareholder's of Stein, Abbott & Company, Inc.:

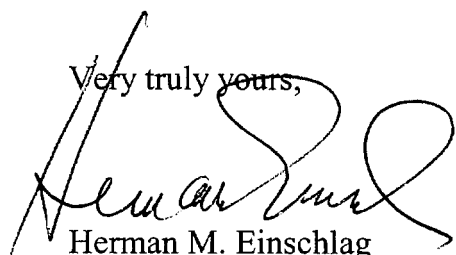
We have examined the internal accounting controls over financial reporting as of December 31, 2002 of Stein, Abbott & Company, Inc.

Our examination was made in accordance with Standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of the internal control over financial reporting, testing, and evaluating the design and operating effectiveness of internal control, and such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in any internal control, errors or fraud may occur and not be detected. Also, projections of any evaluation of the internal control over financial reporting to future periods are subject to the risk that internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Stein, Abbott & Co., Inc. maintained an effective internal control over financial reporting as of December 31, 2002, in all material respects.

Very truly yours,



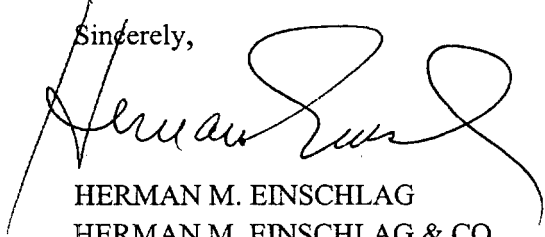
Herman M. Einschlag
Herman M. Einschlag & Co.
Certified Public Accountants

Item #4

As per our discussion with Ms. Foster, Item #4 has been complied with.

If you have any questions, please contact us at (201) 461- 7619.

Sincerely,



HERMAN M. EINSCHLAG
HERMAN M. EINSCHLAG & CO.