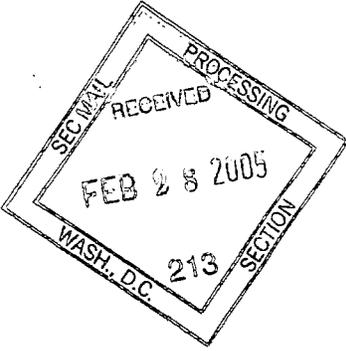


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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0123
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 65688

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:

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

2500 City West Blvd., Suite 740

(No. and Street)

Houston

(City)

Texas

(State)

77042

(Zip Code)

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

Robert J. Wilson

(281) 770-9270

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Longaker, James A.

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

2002 Woodland Valley Drive

(Address)

Kingwood

(City)

Texas

(State)

77339

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 16 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)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Robert J. Wilson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TDG Ventures, LLC, 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:

Robert J. Wilson
Signature

CFO
Title

Kristi Bomar
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.

~~x~~ (o) Statement of Cash Flows
***For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*

x(p) Independent auditor's report on the internal control

JAMES A. LONGAKER
CERTIFIED PUBLIC ACCOUNTANT

TDG Ventures, LLC
FINANCIAL STATEMENTS
REPORT PURSUANT TO RULE 17A – 5(d)
DECEMBER 31, 2004

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JAMES A. LONGAKER

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITORS' REPORT

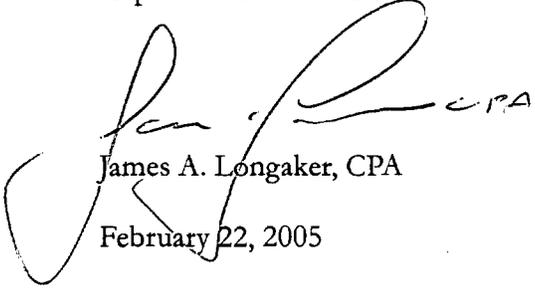
To the Owners of
TDG Ventures, LLC

I have audited the accompanying statement of financial condition of TDG Ventures, LLC as of December 31, 2004 and the related statement of operations, changes in members' capital, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TDG Ventures, LLC 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.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on Pages 8, 9 and 10 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



James A. Longaker, CPA

February 22, 2005

TDG Ventures, LLC

STATEMENT OF FINANCIAL CONDITION

December 31, 2004

ASSETS

Current assets:

Checking account	\$	6,474
Accounts receivable		15,120
Total current assets	\$	<u>21,594</u>

LIABILITIES AND MEMBER'S CAPITAL

Current Liabilities

Accounts payable	\$	300
Total current liabilities		<u>300</u>

Member's capital

Member's capital		<u>21,294</u>
------------------	--	---------------

Total member's capital		<u>21,294</u>
------------------------	--	---------------

Total liabilities and member's capital	\$	<u>21,594</u>
--	----	---------------

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

TDG Ventures, LLC

STATEMENT OF OPERATIONS

For the year ended December 31, 2004

Revenues:	
Commission income	\$ 27,278
Operating expenses	
Equipment rental	485
Insurance	380
Licenses and permits	2,584
Professional development	70
Professional fees	5,425
Rent	1,200
Telephone	<u>360</u>
Total operating expenses	<u>10,504</u>
Net income	<u>\$ 16,774</u>

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

TDG Ventures, LLC

STATEMENT OF CHANGES IN MEMBERS' CAPITAL

For the year ended December 31, 2004

Balance at January 1, 2004	\$ 6,250
Net income for the year ended December 31, 2004	16,774
Add: member contributions	8,270
Less: (distributions)	<u>(10,000)</u>
Balance at December 31, 2004	<u>\$ 21,294</u>

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

TDG Ventures, LLC

STATEMENT OF CASH FLOWS

For the year ended December 31, 2004

Cash flows from operating activities:

Net income	\$ 16,774
Adjustments to reconcile net income to cash	
(Increase)/decrease in accounts receivable	(15,120)
(Decrease)/increase in accounts payable	<u>300</u>
Total adjustment	(14,820)
Net cash provided in operating activities	1,954
Cash flows from financing activities:	
Proceeds from additional paid in capital	8,270
Distributions to members	<u>(10,000)</u>
Net cash provided (used) in Financing activities	<u>(1,730)</u>
Net increase (decrease) in cash	224
Cash and cash equivalents, beginning of year	<u>6,250</u>
Cash and cash equivalents, end of year	<u><u>\$ 6,474</u></u>

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

TDG Ventures, LLC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

A. Organization

Background

TDG Ventures, LLC (the "Company") is a Texas Limited Liability Company maintaining its only office in Houston, Texas. 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, Inc. (NASD).

Nature of Operations

TDG is a merchant banking firm that provides a variety of corporate finance and financial advisory services to middle market and emerging growth clients. Such services include advisory on mergers, acquisition, divestitures, management buyouts, and restructurings, as well as providing valuation services, fairness opinions and other related-services in connection with client transactions. TDG also participates in private equity placements, private debt and mezzanine placements, and the facilitation of public market activities.

The Company does not accept customer funds in the name of TDG Ventures, LLC. In addition, the Company does not currently engage in the purchase or sale of listed or OTC equities, options or futures, is not planning to be a market maker and will not hold any security positions.

B. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America and in the format prescribe by Rule 17a-5 under the Securities Exchange Act of 1934 for broker and dealers in securities.

Cash Equivalents

The Company invests certain cash balances in money market funds. Management considers these investments to be cash equivalents for the purposes of these financial statements. Those investments are carried at cost, which approximates fair value.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

Revenue Recognition

The Company principally generates revenue from investment banking and advisory services. Investment banking fees are earned when received upon closing of a client transaction, and are recognized as revenue at that time. Advisory fee retainers are deferred and recorded as revenue over the estimated period they are earned.

Federal Income Taxes

The Company is a limited liability company (LLC) for federal and state income tax purposes and has elected to be taxed as a Partnership. Accordingly, the Company has no liability for federal income taxes, since such taxes, if any, are the responsibility of its member.

Use of Estimates

The preparation of the accompanying financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Net Capital

As a registered broker-dealer, the Company is subject to the Securities and Exchange Commission's "Uniform Net Capital Rule" (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregated indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2004, the Company had net capital of \$6,174, which was \$1,174 in excess of its required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital was .05 to 1 at December 31, 2004

TDG Ventures, LLC

COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1

DECEMBER 31, 2004

Total equity from statement of financial condition	\$ 21,294
Less non-allowable assets: accounts receivable	<u>15,120</u>
Net Capital	<u>\$ 6,174</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required (6-2/3% of aggregate indebtedness)	<u>\$ 43</u>
Minimum dollar net capital required	<u>\$ 5,000</u>
Net capital requirement (greater of above two figures)	<u>\$ 5,000</u>
Excess net capital	<u>\$ 1,174</u>
Excess net capital at 1000%	<u>\$ 5,770</u>

COMPUTATION OF RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL

Total liabilities (per statement of financial condition)	<u>\$ 300</u>
Percentage Aggregate Indebtedness to Net Capital	<u>5</u>

RECONCILIATION WITH COMPANY'S COMPUTATION

The above agrees with the Company's Computation (included in Part II of Form X-17a-5)

JAMES A. LONGAKER

CERTIFIED PUBLIC ACCOUNTANT

To the Owners of
TDG Ventures, LLC

Re: Supplementary Report of Independent Accountants on Internal Control Pursuant to Rule 17a-5 under the Securities Exchange Act of 1934

In planning and performing my audit of the financial statements and supplemental schedules of TDG Ventures, LLC for the year ended December 31, 2004, I considered its internal control structure, including procedures for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), I have made a study of the practices and procedures used by the Company, including tests of such practices and procedures that I considered relevant to the objectives stated in Rule 17a-5(g) in making following:

1. Making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11); and
2. 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, I 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, and the recordation of differences required by Rule 17a-13;
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulations T of the Board of Governors of the Federal Reserve System.
3. Obtaining and maintaining physical possession or control of all paid and excess margin securities of customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining a system of internal control structure 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

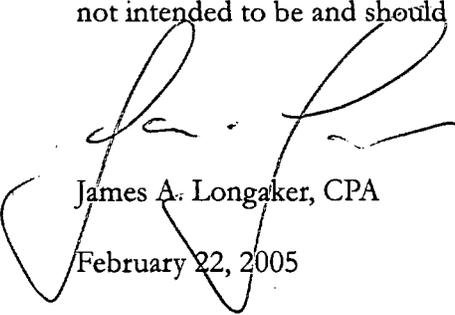
accordance with management's authorization and recorded properly to permit preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of internal controls to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 elements does not reduce to a relatively low level the risk that errors or irregularities 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 internal control structure, including procedures for safeguarding securities that I consider to be material weaknesses as defined above.

I 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 my study, I 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 the Board of Directors, the Company's management, the SEC, 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.



James A. Longaker, CPA

February 22, 2005

2002 WOODLAND VALLEY • KINGWOOD, TX • 77339-3365
CELL: 713-818-1892 • PHONE: 281-358-2855 • FAX: 501-421-2718