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

RECEIVED  
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SECTION

SEC FILE NUMBER  
8- 51846

**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:

Bulldog Trading LLC

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

1900 Market Street, Suite 617

(No. and Street)

Philadelphia

PA

19103

(City)

(State)

(Zip Code)

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

Michael Gomberg

212 748-6015

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

Pirolli, James G. CPA

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

207 Buck Road, Suite 1C

Holland

PA

18966

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROF  
MAR 17 2005  
THOMSON  
FINANCIAL

FOR OFFICIAL USE ONLY

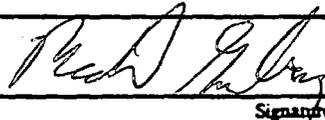
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

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2/14

## OATH OR AFFIRMATION

I, Michael Gomberg, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Bulldog Trading LLC, as of December 31, 19 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
Signature

President

Title

  
Notary Public

JERRY PASINI  
Notary Public, State of New York  
No.01PA6108612  
Qualified in QUEENS County  
COMMISSION EXPIRES: 04/19/2008

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 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 Accounting Control Structure  
Required by SEC Rule 17A-5.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**BULLDOG TRADING, LLC  
FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION  
FOR THE YEAR ENDED  
DECEMBER 31, 2004 WITH  
REPORT AND SUPPLEMENTARY REPORT  
OF INDEPENDENT AUDITOR**

***BULLDOG TRADING, LLC***  
***FINANCIAL STATEMENTS***  
***FOR THE YEAR ENDED DECEMBER 31, 2004***

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**JAMES G. PIROLI**  
CERTIFIED PUBLIC ACCOUNTANT

TEL (215) 364-8016  
FAX (215) 364-6381

207 BUCK ROAD • SUITE 1C  
HOLLAND, PENNSYLVANIA 18966

***INDEPENDENT AUDITOR'S REPORT***

To the Member  
Bulldog Trading, LLC  
Philadelphia, Pennsylvania

I have audited the accompanying statement of financial condition of Bulldog Trading, LLC (a Pennsylvania Limited Liability Company) as of December 31, 2004, and the related statements of operations, changes in member's equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities and Exchange Act of 1934. 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 Bulldog Trading, LLC at December 31, 2004, and the results of its operations and 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 in 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 my 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.



February 4, 2005

**BULLDOG TRADING, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2004**

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**ASSETS**

Cash	\$ 5,589
Securities owned, marketable at market	37,860
Funds held in clearing account	144,375
Office equipment, less accumulated depreciation of \$25,056	699
Seat lease on Philadelphia Stock Exchange, at cost	25,500
Other receivable	42,126
Member loan receivable	<u>5,988</u>
	<u>\$262,137</u>

**LIABILITIES AND MEMBER'S EQUITY**

Accounts payable and accrued expenses	\$ <u>13,588</u>
Total liabilities	13,588
Member's equity	<u>248,549</u>
	<u>\$262,137</u>

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

**BULLDOG TRADING, LLC**

**STATEMENT OF OPERATIONS AND MEMBER'S EQUITY**

**FOR THE YEAR ENDED DECEMBER 31, 2004**

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**REVENUE**

Loss from trading activities	\$ (75,615)
Interest and dividend income	<u>2,629</u>
Total revenue	<u>(72,986)</u>

**EXPENSES**

Regulatory fees and exchange seat expense	38,625
Clearing and brokerage expense	276,915
Other operating expenses	<u>105,582</u>

Total expenses 421,122

Net loss (494,108)

**MEMBER'S EQUITY, beginning of year** 178,157

**CAPITAL CONTRIBUTIONS BY MEMBER** 564,500

**MEMBER'S EQUITY, end of year** \$248,549

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

*BULLDOG TRADING, LLC*

*STATEMENT OF CASH FLOWS*

*FOR THE YEAR ENDED DECEMBER 31, 2004*

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Net loss	\$ (494,108)
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation	3,330
(Increase) decrease in	
Interest receivable	34
Securities owned	63,186
Funds held in accounts with clearing broker	(71,331)
Other receivable	(42,126)
Increase (decrease) in	
Accounts payable and accrued expenses	<u>4,640</u>
Cash used by operating activities	<u>(536,375)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Capital contributions by member	564,500
Unsecured loan to member	(832)
Repayment of unsecured loans	<u>(24,818)</u>
Cash provided by financing activities	<u>538,850</u>
Increase in cash	2,475
Cash at beginning of year	<u>3,114</u>
Cash at end of year	<u>\$ 5,589</u>

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

**BULLDOG TRADING, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2004**

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**(1) ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

Organization

Bulldog Trading, LLC (the "Company") was formed as a limited liability company in the Commonwealth of Pennsylvania in March 1999 and began business operations on January 1, 2000. The Company conducts investment activities on a proprietary basis and conducts business as a member of the Philadelphia Stock Exchange and as an off-floor trader.

Significant Accounting Policies

Cash

For purposes of the statement of cash flows, the Company includes as cash, amounts on deposit at banks. The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2004.

Recognition of Revenue

Securities transactions and expenses are recorded on a trade date basis. Securities are valued at market value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Office Equipment

Office equipment is recorded at cost. Depreciation is computed using the straight-line method based on an estimated life of five years. For 2004, depreciation expense amounted to \$3,330.

Income Taxes

The Company is taxed as a partnership for federal and state income tax purposes and accordingly, no income tax expense has been recorded in the financial statements. Taxable income of the Company is passed through to the member and reported on his individual income tax returns.

**(2) CONCENTRATION OF CREDIT RISK**

The Company is engaged in various trading activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event that counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

**(3) NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c 3-1) which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital both as defined, shall not exceed 15 to 1. Minimum "net capital" must be at least \$100,000. At December 31, 2004, the Company had net capital of \$165,493 which was \$65,493 in excess of its required net capital of \$100,000. The Company's net capital ratio was .08 to 1.

**(4) SPECIAL ACCOUNT FOR EXCLUSIVE BENEFIT OF CUSTOMERS**

The Company is exempt from the provisions of Rule 15c3-3 of the Securities and Exchange Act of 1934 and therefore, among other things, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers," since it meets the requirement of Rule 15c3-3(k)(2)(a) and does not carry security accounts for customers or perform custodial functions relating to customer securities.

**BULLDOG TRADING, LLC**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2004**

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**NET CAPITAL**

Total member's equity qualified for net capital		\$248,549
Deductions and/or charges:		
Non-allowable assets:		
Office equipment	\$ 699	
Seat lease on Philadelphia Stock Exchange	25,500	
Miscellaneous receivable	42,126	
Unsecured loan to member	<u>5,988</u>	
Total nonallowable assets		<u>(74,313)</u>
Net capital before haircut		174,236
Stocks	5,678	
Undue concentration	<u>3,065</u>	
		<u>(8,743)</u>
Net Capital		<u>\$165,493</u>

**AGGREGATE INDEBTEDNESS**

Items included in statement of financial condition		
Accounts payable and accrued expenses		\$ <u>13,588</u>

**BULLDOG TRADING, LLC**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
DECEMBER 31, 2004

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS**

Minimum net capital required or \$100,000 if greater	<u>\$100,000</u>
Excess net capital at 1500%	<u>\$ 65,493</u>
Excess net capital at 1000%	<u>\$164,134</u>
Ratio: aggregate indebtedness to net capital	<u>.08 to 1</u>

**RECONCILIATION WITH COMPANY'S COMPUTATION**

(Included in Part IIA of Form X-17A-5 as of December 31, 2004)

Net capital, as reported in company's Part IIA (Unaudited) FOCUS Report	<u>\$165,493</u>
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**BULLDOG TRADING, LLC**

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS**

**UNDER RULE 15c3-3 OF THE**

**SECURITIES AND EXCHANGE COMMISSION**

**FOR THE YEAR ENDED DECEMBER 31, 2004**

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Bulldog Trading, LLC claims an exemption from Rule 15c3-3 based on Section 15c3-3 (k)(2)(ii) who, as a broker or dealer who conducts business solely on a proprietary basis, does not receive or hold customers' funds and securities. Bulldog Trading, LLC clears all of its trading activities through First Options of Chicago.

**INFORMATION RELATING TO POSSESSION**

**OR CONTROL REQUIREMENTS**

**UNDER RULE 15c3-3 OF THE**

**SECURITIES AND EXCHANGE COMMISSION**

**FOR THE YEAR ENDED DECEMBER 31, 2004**

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Bulldog Trading, LLC claims an exemption from Rule 15c3-3 based on Section 15c3-3(k)(2)(ii) who, as a broker or dealer who conducts business solely on a proprietary basis, does not receive or hold customer funds and securities.

***INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL***

***STRUCTURE REQUIRED BY SEC RULE 17A-5***

To the Member  
Bulldog Trading, LLC  
Philadelphia, PA

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

Also, as required by rule 17-a-5(g)(1) of the Securities and Exchange Commission (SEC), I made a study of the practices and procedures followed by the Company including tests of such practices and procedures that I considered relevant to the objectives stated in the rule 17-a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with 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
2. Recordation of difference required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of the 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 conformity 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 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.

My 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, I noted no matters involving internal control, 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 objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purpose in accordance with the Securities and 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 information and use of the Board of Directors, management, the Securities and Exchange Commission, the Philadelphia Stock Exchange, and other regulatory agencies which rely on Rule 17-a-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.

A handwritten signature in black ink, appearing to read "James G. Quill". The signature is written in a cursive style with large, flowing loops.

February 4, 2005