

PROCESSED
MAR 31 2005
THOMSON FINANCIAL



SEI 05039258 COMMISSION

CM
3-22

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

SEC FILE NUMBER
8-53507

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: Lane Capital Markets, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

263 Queens Grant Road

(No. and Street)

Fairfield

Ct.

06824

(City)

(State)

(Zip Code)

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

John Lane

203-209-1977

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Peretz, Resnick & Co., LLP

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

303 S. Broadway Suite 105 Tarrytown

NY

10591

(Address)

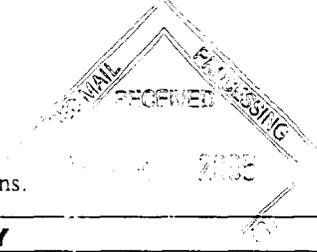
(City)

(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

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.

BB

HC-20

OATH OR AFFIRMATION

I, John D. Lane, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Lane Capital Markets, 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:

John D. Lane
Signature

CEO
Title

Georgene D. Pasarella
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).

LANE CAPITAL MARKETS, LLC

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2004 AND 2003

LANE CAPITAL MARKETS, LLC
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2004 AND 2003

TABLE OF CONTENTS

Independent Auditor's Report	1
Financial Statements	
Balance Sheet December 31, 2004 and 2003	2
Statement of Income For the Years Ended December 31, 2004 and 2003	3
Statement of Members' Equity For the Years Ended December 31, 2004 and 2003	4
Statement of Cash Flows For the Years Ended December 31, 2004 and 2003	5
Schedule of Adjusted Net Capital December 31, 2004 and 2003	6
Notes to Financial Statements	7 – 8

PERETZ
RESNICK
& CO., LLP

CERTIFIED PUBLIC ACCOUNTANTS

303 South Broadway, Suite 105
Tarrytown, New York 10591
914-332-5393
Fax: 914-332-5996
Email: contact@peretzcpas.com

331 Madison Avenue
New York, New York 10017
212-697-2511

INDEPENDENT AUDITOR'S REPORT

To Mr. John Lane
Lane Capital Markets, LLC

We have audited the accompanying balance sheet of Lane Capital Markets, LLC as of December 31, 2004 and 2003, and the related statements of income, members' equity and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lane Capital Markets, LLC as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Peretz, Resnick & Co., LLP

February 28, 2005

LANE CAPITAL MARKETS, LLC

BALANCE SHEET

DECEMBER 31, 2004 AND 2003

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Current Assets		
Cash and cash equivalents	\$ 504,444	\$ 298,798
Pershing deposit account	25,000	25,000
Rent security deposit	13,048	22,000
Prepaid expenses	<u>16,883</u>	<u>-</u>
Total Current Assets	<u>\$ 559,375</u>	<u>\$ 345,798</u>
Fixed assets, Net of accumulated depreciation	<u>1,040</u>	<u>1,500</u>
Total Assets	<u>\$ 560,415</u>	<u>\$ 347,298</u>
 <u>LIABILITIES AND MEMBERS' EQUITY</u>		
Accounts payable and accrued expenses	<u>\$ 15,978</u>	<u>\$ 2,153</u>
Total Liabilities	<u>15,978</u>	<u>2,153</u>
Members' Equity	<u>544,437</u>	<u>345,145</u>
Total Liabilities and Members' Equity	<u>\$ 560,415</u>	<u>\$ 347,298</u>

See Accompanying Notes to the Financial Statements.

LANE CAPITAL MARKETS, LLC

STATEMENT OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>INCOME</u>		
Fee income	\$ 1,706,347	\$ 384,392
Interest income	<u>4,093</u>	<u>2,388</u>
	<u>1,710,440</u>	<u>386,780</u>
<u>EXPENSES</u>		
Bank charges	898	810
Computer expenses	5,233	-
Consulting and commissions	339,494	234,317
Contributions	550	-
Depreciation	7,878	13,930
Dues and subscriptions	494	6,820
Entertainment	10,594	2,897
Equipment rental	-	787
Insurance	853	651
Internet expense	1,116	369
Miscellaneous expense	41	1,349
Stationary and office expenses	9,947	9,133
Postage and delivery	839	993
Printing	12,819	-
Professional development	9,847	2,405
Professional fees	79,498	19,464
Promotion	676	2,437
Recruiting	-	1,200
Regulatory fees and expenses	12,720	9,809
Rent	56,782	21,863
Repairs	-	320
LLC fees	300	250
Telephone	12,670	11,673
Travel	<u>27,089</u>	<u>11,350</u>
Total Expenses	<u>590,338</u>	<u>352,827</u>
Net income	<u>\$ 1,120,102</u>	<u>\$ 33,953</u>

See Accompanying Notes to the Financial Statements.

LANE CAPITAL MARKETS, LLC

STATEMENT OF MEMBERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Members' equity – beginning of year	\$ 345,145	\$ 313,352
Members' Contributions	-	-
Net Income	<u>1,120,102</u>	<u>33,953</u>
	1,465,247	347,305
Members' Withdrawals	<u>(922,970)</u>	<u>(2,160)</u>
Members' equity – end of year	<u>\$ 542,277</u>	<u>\$ 345,145</u>

See Accompanying Notes to the Financial Statements.

LANE CAPITAL MARKETS, LLC

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities		
Net income	\$ 1,120,102	\$ 33,953
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	7,877	13,930
Changes in assets and liabilities		
Prepaid expenses	(16,883)	-
Pershing deposit account	-	-
Rent security account	8,952	(22,000)
Accounts payable and accrued expenses	<u>13,826</u>	<u>(8,604)</u>
Net cash provided by operating activities	<u>1,133,874</u>	<u>17,279</u>
Cash flows used for investing activities:		
Equipment purchases	<u>(7,418)</u>	<u>(13,470)</u>
Cash flows used for financing activities		
Members' capital contributions	-	-
Members' distributions	<u>(920,810)</u>	<u>(2,160)</u>
Net cash used for financing activities	<u>(920,810)</u>	<u>(2,160)</u>
Net increase in cash	205,646	1,649
Cash and cash equivalents, beginning of period	<u>298,798</u>	<u>297,149</u>
Cash and cash equivalents, end of period	<u>\$ 504,444</u>	<u>\$ 298,798</u>

See Accompanying Notes to the Financial Statements.

LANE CAPITAL MARKETS, LLC
SCHEDULE OF ADJUSTED NET CAPITAL
DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Current Assets	\$ 560,415	\$ 345,798
Less: Total Liabilities	<u>(15,978)</u>	<u>(2,153)</u>
Adjusted Net Capital	<u>\$ 544,437</u>	<u>\$ 343,645</u>
Net Capital Required	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Excess Net Capital	<u>\$ 444,437</u>	<u>\$ 243,645</u>

See Accompanying Notes to the Financial Statements.

LANE CAPITAL MARKETS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Lane Capital Markets, LLC (LCM) was formed as a limited liability company July 9, 2001 and began operations as a licensed broker in February 2002.

Nature of Business

LCM operates as an Independent Introducing Broker and is a member of the National Association of Securities Dealers and the Security Investors Protection Corp. LCM, as an Independent Introducing Broker, does not handle customers' money nor does LCM clear customers' trades. All customer funds and transactions are maintained with correspondent brokerage firms. LCM financial statements are presented in accordance with generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the proprietor to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Income Taxes

The company is not a taxpaying entity for federal income tax purposes, and thus no income tax expense has been recorded on the financial statements. Income of the company is taxed to the members in their individual tax returns.

Cash Equivalents

LCM considers all short-term investments with a maturity of three months or less at inception to be cash equivalents.

LANE CAPITAL MARKETS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment is stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the years ended December 31, 2004 and 2003 were \$7,878 and \$13,930, respectively.

NOTE 2 – CASH FLOWS

There were no non-cash financing or investing activities during the period. LCM paid no interest or income taxes during the years ended December 31, 2004 and 2003.

NOTE 3 – NET CAPITAL REQUIREMENT

The minimum net capital as required by Rule 1.17 of the Commodity Futures Trading Commission is \$100,000 at December 31, 2004 and December 31, 2003. The company's net capital exceeded the required amount by \$444,437 at December 31, 2004 and \$243,645 at December 31, 2003. No material differences exist between LCM's audited and unaudited focus.