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

SEC FILE NUMBER
8-66006

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 January 1, 2004 AND ENDING December 31, 2004  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: eXGEN Securities, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
155 East 55th Street, Suite 302A

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

New York, NY 10022  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Eric Kennedy (212) 308-2167  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

TODMAN & CO., CPAs, P.C.

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

120 Broadway New York, NY 10271  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

**PROCESSED**

**MAR 29 2005**

<b>FOR OFFICIAL USE ONLY</b>	<b>THOMSON FINANCIAL</b>
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\*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)

BB

Handwritten initials and numbers

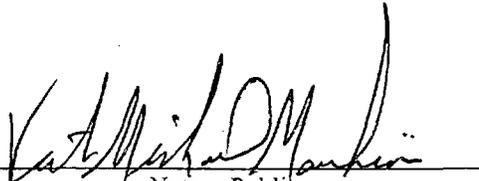
OATH OR AFFIRMATION

I, Eric Kennedy, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of eXGEN Securities, 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:

None  
ESIC

  
Signature

Partner / COO  
Title

  
Notary Public

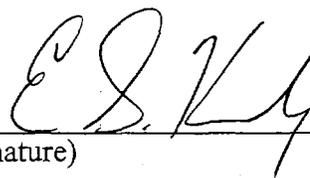
VICTOR MICHAEL MARCHIONI  
NOTARY PUBLIC OF NEW JERSEY  
MY COMMISSION EXPIRES NOV. 23, 2009

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).

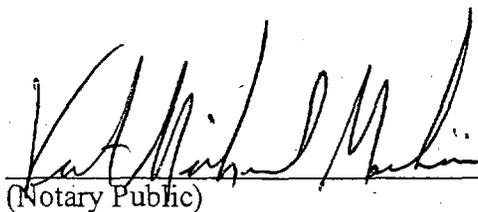
I, **Eric Kennedy**, swear that, to the best of my knowledge and belief, the accompanying financial statements pertaining to the Firm of **eXGEN Securities, LLC**, as of December 31, 2004, are true and correct.



(Signature)

Partner / COO

(Title)



(Notary Public)

VICTOR MICHAEL MARCHIONI  
NOTARY PUBLIC OF NEW JERSEY  
MY COMMISSION EXPIRES NOV. 23, 2009

**eXGEN SECURITIES, LLC  
(A LIMITED LIABILITY COMPANY)**

**STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2004**

# TODMAN & CO., CPAs, P.C.

Certified Public Accountants and Business Consultants  
An Affiliate of TRIEN ROSENBERG

120 Broadway  
New York, NY 10271  
TEL. (212) 962-5930  
FAX (212) 385-0215

## INDEPENDENT AUDITORS' REPORT

To the Member of  
**eXGEN SECURITIES, LLC**  
155 East 55<sup>th</sup> Street, Suite 302A  
New York, NY 10022

We have audited the accompanying statement of financial condition of eXGEN Securities, LLC. (A Limited Liability Company) as of December 31, 2004. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of eXGEN Securities, LLC (A Limited Liability Company) as of December 31, 2004, in conformity with U.S. generally accepted accounting principles.



New York, New York  
February 28, 2005

**eXGEN SECURITIES, LLC**  
**(A LIMITED LIABILITY COMPANY)**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2004**

**ASSETS**

Cash and cash equivalents	\$ 138,916
Receivables from brokers and dealers	94,636
Due from clearing broker	99,761
Due from member	35,350
Prepaid expenses and deposits	<u>17,935</u>
 Total assets	 <u>\$ 386,598</u>

**LIABILITIES AND MEMBER'S EQUITY**

Accounts payable and accrued liabilities	\$ 53,925
Soft dollar payable	<u>128,331</u>
	<u>\$ 182,256</u>
Commitments and contingencies	
 Member's equity	 <u>204,342</u>
 Total liabilities and member's equity	 <u>\$ 386,598</u>

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

**eXGEN SECURITIES, LLC**  
**(A LIMITED LIABILITY COMPANY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**Note 1 - Organization and Nature of Business**

eXGEN Securities, LLC., a limited liability company (the "Company"), was formed under the Delaware Limited Liability Company Act in June 2003 and will continue until and terminate on December 31, 2043, unless the Company is dissolved sooner in accordance with the Act. The Company is a wholly-owned subsidiary of eXGEN Global Holdings, LLC.

The Company, a member of the National Association of Securities Dealers, Inc. ("NASD"), received approval by the NASD to commence business on November 25, 2003, and is permitted to execute equity and debt securities transactions for customers. The Company operates under the provisions of Paragraph (k)(2)(ii) of rule 15c3-3 of the Securities and Exchange Commission ("SEC") and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clears all transactions on behalf of customers on a fully-disclosed basis with a clearing broker-dealer, and promptly transmits all customer funds and securities to the clearing broker-dealer. The clearing broker-dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker-dealer.

**Note 2 - Summary of Significant Accounting Policies**

**(b) Commissions**

Commissions and related clearing expenses are recorded on a trade date basis as securities transactions occur.

**(b) Use of Estimates**

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

**(c) Preoperating Expenses**

In accordance with SOP 98-5, cost representing start-up costs, including organization costs, have been expensed as incurred.

**(f) Income Taxes**

In accordance with federal income tax regulations, federal income taxes of the Company are the responsibility of the member. Accordingly, no federal provision has been made.

**eXGEN SECURITIES, LLC**  
**(A LIMITED LIABILITY COMPANY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**(g) Cash Equivalents**

The purpose of the statement of cash flows, the Company has defined cash equivalents as Short-Term Money Market Funds, highly-liquid debt instruments purchased with a maturity of three months or less, other than securities held for sale in the ordinary course of business.

**Note 3 - Related Party Transactions**

The Company leases certain equipment owned by its sole member. Rent payments totaled \$39,386 for the period ended December 31, 2004. Also, the Company has advanced \$35,350 throughout the year which remains due from the sole member at December 31, 2004.

**Note 4 - Commitments and Contingencies**

**Lease**

The Company occupies office space under a lease agreement expiring September 30, 2006 with annual rentals of approximately \$42,000. Office rent expense for the year ended December 31, 2004 was approximately \$44,000.

**Note 5 - Net Capital**

The Company is subject to the SEC Uniform Net Capital rule 15c3-1, which requires the maintenance of minimum net capital, as defined, and requires that the ratio of aggregate indebtedness to net capital shall not exceed 1,500%. The Company had a capital deficiency at December 31, 2004 of \$198,943 caused by an inadvertent error contained in certain loan documents, which were subsequently corrected and approved by the NASD in January 2005. Accordingly, the Company was in capital compliance as of February 27, 2005.

**Note 6 - Financial Instruments with Off-Balance-Sheet Risk**

In the normal course of business, the Company's securities activities involve the execution and settlement as agent of various securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill contractual obligations and the Company has to purchase or sell the financial instrument underlying the contract, at a loss.

**Note 7 - Concentration of Credit Risk**

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event 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.

**Note 8 - Economic Dependency**

The Company's revenue is derived from mainly two customers, the loss of which could have a material effect on the Company.