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

SEC FILE NUMBER
8-46579

DIVISION OF MARKET REGULATION

**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: KANE & COMPANY, INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

10877 WILSHIRE BLVD., SUITE 1404

(No. and Street)

LOS ANGELES

(City)

CA

(State)

90024-0098

(Zip Code)

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

MICHAEL W. KANE

310/208-1166

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

GOODRICH, GOODYEAR & HINDS, AN ACCOUNTANCY CORPORATION

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

6700 E. PACIFIC COAST HWY., SUITE 255, LONG BEACH, CA 90803

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

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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)

SEC 1410 (06-02)

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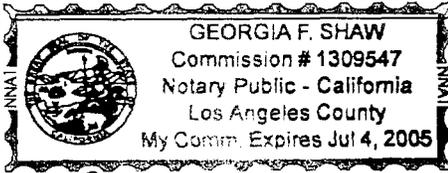
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OATH OR AFFIRMATION

I, MICHAEL W. KANE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of KANE & COMPANY, INC., as of DECEMBER 31, 20 04, 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:

N/A



Handwritten signature of Michael W. Kane

Signature

MICHAEL W. KANE, PRESIDENT

Title

Handwritten signature of Georgia F. Shaw, 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. Cash Flows
(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.
(o) Independent Auditors' Report on Internal Accounting Control

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

KANE & COMPANY, INC.
COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1

DECEMBER 31, 2004

Total equity from statement of financial condition		\$ (80,014)
Add:		
Liabilities subordinated to claims of general creditors allowable in computation of net capital		<u>350,000</u>
Total capital and subordinated liabilities		269,986
Less non-allowable assets:		
Receivables from customers	\$ 731	
Prepaid insurance	3,389	
Prepaid income taxes	16,471	
CRD balance	1,450	
Property and equipment, net	<u>121,571</u>	<u>(143,612)</u>
Net capital before haircuts		126,374
Haircuts:		
Money market - Mutual fund investments		<u>(2,439)</u>
Net capital		\$ <u><u>123,935</u></u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required (6-2/3% of aggregate indebtedness)		\$ <u><u>1,049</u></u>
Minimum dollar net capital required		\$ <u><u>100,000</u></u>
Net capital requirement (greater of above two figures)		\$ <u><u>100,000</u></u>
Excess net capital		\$ <u><u>23,935</u></u>

COMPUTATION OF RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL

Total liabilities (aggregate indebtedness)		\$ <u><u>15,748</u></u>
Ratio of aggregate indebtedness to net capital		<u><u>.13 to 1</u></u>
Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)		<u><u>N/A</u></u>

Net capital as reported in the unaudited Part IIA filing agrees with the audited net capital above.