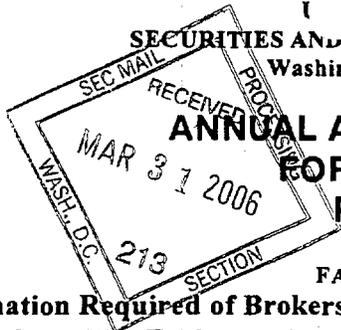




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OMB APPROVAL	
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

SEC FILE NUMBER
8- 065275

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, 2005 AND ENDING December 31, 2005
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Diversified Global Capital Group, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

2121 East Pacific Coast Hwy, Ste 210

(No and Street)

Corona Del Mar

California

92625

(City)

(State)

(Zip Code)

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

Patrick N DiCarlo Jr

(949) 270-2740

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Breard & Associates Inc., Certified Public Accountants

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

9010 Corbin Avenue Suite 7

Northridge

CA

91324

(Address)

(City)

(State) (Zip Code)

PROCESSED

JUN 20 2006

**THOMSON
FINANCIAL**

CHECK ONE:

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

FOR OFFICIAL USE ONLY

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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)

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.

SEC 1410 (06-02)

(692)

OATH OR AFFIRMATION

I, Patrick N. DiCarlo Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Diversified Global Capital Group, Inc., as of December 31, 2005, 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

State of _____
County of _____
Subscribed and sworn (or affirmed) to before me this ____ day of _____, _____

Patrick N. DiCarlo Jr.
Signature
owner
Title

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 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.

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

State of California County of

Orange

Subscribed and sworn to (or affirmed)

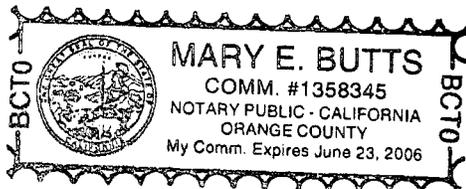
Before me on this *23* day of *Jan*, 20*06*, by *Patrick N. DiCarlo, Jr.*

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature

Mary E. Butts

(Seal)



BREARD & ASSOCIATES, INC.
Certified Public Accountants

Independent Auditor's Report

Board of Directors
Diversified Global Capital Group, Inc.

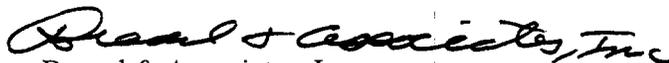
We have audited the accompanying statement of financial condition of Diversified Global Capital Group, Inc. as of December 31, 2005, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. 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 misstatements. 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 Diversified Global Capital Group, Inc. as of December 31, 2005, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 6 to the financial statements, the Company has suffered recurring losses from operations and stagnant activity which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 6. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on Schedules I-III are presented for purposes of additional analysis and is not required as part of the basic financial statements, but as supplementary information required by rule 17a-5 of the Securities and Exchange Commission. Such information has been subject to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole and in conformity with the rules of the Securities and Exchange Commission.



Breard & Associates, Inc.
Certified Public Accountant

Northridge, California
February 9, 2006

We Focus & CareSM

9010 Corbin Avenue, Suite 7
Northridge, California 91324
(818) 886-0940 • Fax (818) 886-1924
www.baicpa.com

Diversified Global Capital Group, Inc.
Statement of Financial Condition
December 31, 2005

Assets

Cash	\$ 6,523
Receivable - other	5,600
Deposits	7,564
Furniture and equipment, net	<u>14,769</u>
Total assets	<u>\$ 34,456</u>

Liabilities & Stockholder's Equity

Liabilities

Accounts payable and accrued expenses	\$ 350
Income taxes payable	<u>800</u>
Total liabilities	1,150

Stockholder's equity

Common stock, no par value, 10,000 shares authorized, issued, and outstanding	100,000
Additional paid-in capital	972,067
Accumulated deficit	<u>(1,038,761)</u>
Total stockholder's equity	<u>33,306</u>
Total liabilities & stockholder's equity	<u>\$ 34,456</u>

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

Diversified Global Capital Group, Inc.
Statement of Operations
For the Year Ended December 31, 2005

Revenues

Commissions	\$ 1,254
Fee income	<u>626</u>
Total revenue	1,880

Expenses

Occupancy and equipment rental	30,000
Other operating expenses	<u>68,982</u>
Total expenses	<u>98,982</u>

Income (loss) before income tax provision (97,102)

Income tax provision 800

Net income (loss) \$ (97,902)

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

Diversified Global Capital Group, Inc.
Statement of Changes in Stockholder's Equity
For the Year Ended December 31, 2005

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance, at December 31, 2004	\$ 100,000	\$ 906,067	\$ (940,859)	\$ 65,208
Additional investment	—	66,000	—	66,000
Net income (loss)	<u>—</u>	<u>—</u>	<u>(97,902)</u>	<u>(97,902)</u>
Balance, at December 31, 2005	<u>\$ 100,000</u>	<u>\$ 972,067</u>	<u>\$(1,038,761)</u>	<u>\$ 33,306</u>

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

Diversified Global Capital Group, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2005

Cash flow from operating activities	
Net income (loss)	\$ (97,902)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Depreciation	\$ 19,905
(Decrease) increase in:	
Accounts payable and accrued expenses	350
Income taxes payable	<u>800</u>
Total adjustments	<u>21,055</u>
Net cash provided by (used in) operating activities	(76,847)
Cash flows from investing activities	-
Cash flows from financing activities	
Additional investment	<u>66,000</u>
Net cash provided by (used in) financing activities	<u>66,000</u>
Net increase (decrease) in cash	(10,847)
Cash at the beginning of the year	<u>17,370</u>
Cash at the end of the year	<u><u>\$ 6,523</u></u>

Supplemental disclosure of cash flow information:

Cash paid during the period ended December 31, 2005	
Income taxes	\$ 800
Interest	\$ -

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

Diversified Global Capital Group, Inc.
Notes to Financial Statements
December 31, 2005

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Diversified Global Capital Group, Inc. (the "Company") was incorporated in the state of California on March 29, 2002, as a broker-dealer registered with the Securities and Exchange Commission (the "SEC") in the business of securities brokerage and investment counseling. The Company is a wholly owned subsidiary of Diversified Global Capital Holding, LLC (the "Parent"), and is a member of the National Association of Securities Dealers ("NASD") and the Securities Investor Protection Corporation ("SIPC").

The Company conducts business on a fully disclosed basis whereby the execution and clearance of trades are handled by another Broker/Dealer. The Company does not hold customer funds and/or securities.

Summary of Significant Accounting Principles

The presentation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Securities transactions are recorded on a settlement date basis.

Furniture and equipment are stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized. Property and equipment are depreciated over their estimated useful lives ranging from three (3) to (5) years by the straight-line method.

Current income taxes are provided for estimated taxes payable or refundable based on tax returns filed on the cash basis of accounting. Deferred income taxes are recognized for the estimated future tax effects attributable to temporary differences in the basis of assets and liabilities for financial and tax reporting purposes. Measurement of current and deferred tax assets and liabilities is based on provisions of enacted federal and state tax laws.

Diversified Global Capital Group, Inc.
Notes to Financial Statements
December 31, 2005

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

The Company accounts for its income taxes using the Financial Accounting Standards Board Statement of Financial Accounting Standards No. 109, "Accounting for income taxes", which requires the establishment of a deferred tax asset or liability for the recognition of the future deductible or taxable amounts and operating loss and tax credit carry forwards. Deferred tax expenses or benefits are recognized as a result of the changes in the assets and liabilities during the year.

Note 2: FURNITURE AND EQUIPMENT, NET

The furniture and equipment are recorded at cost.

		<u>Depreciable Life Years</u>
Computer	\$ 20,223	3
Furniture and equipment	48,809	5
Leasehold improvement	<u>17,021</u>	5
	86,053	
Less accumulated depreciation	<u>(71,284)</u>	
Furniture and equipment, net	<u><u>\$ 14,769</u></u>	

Depreciation expense for the year ended December 31, 2005 was \$19,905.

Note 3: INCOME TAXES

The Company is included in the consolidated federal income tax return filed by its Parent. Federal income taxes are calculated as if the Company filed a separate federal income tax return. The Company files its own state and local returns. For the year ended December 31, 2005 the Company recorded the minimum California Franchise Tax of \$800.

The Company has available at December 31, 2005 unused operating loss carry-forwards, which may be applied against future taxable income, resulting in a deferred tax asset of approximately \$148,593, that expire as follows:

Amount of unused operating loss carry-forwards	Expiration during year ended December 31,
\$ 374,097	2022
328,575	2023
190,049	2024
<u>97,902</u>	2025
<u><u>\$ 990,623</u></u>	

Diversified Global Capital Group, Inc.
Notes to Financial Statements
December 31, 2005

Note 3: INCOME TAXES
(Continued)

A 100% valuation allowance has been established against this asset since management cannot determine if it is more likely than not that the asset will be realized.

Note 4: RECEIVABLE - OTHER

The receivable - other is an advance to one of the Company's brokers. The balance of \$5,600, at December 31, 2005, is non-interest bearing and due on demand.

Note 5: RELATED PARTY TRANSACTIONS

During the year ended December 31, 2005, the Parent paid \$66,000 of the Company's current year operating expenses, as additional paid-in capital.

The Company has an expense sharing agreement with its Parent, whereby the Parent agrees to incur all of the expenses of the Company. The Company reimburses the Parent on a predetermined basis as a general overhead allocation for its various operating expenses.

Note 6: COMMITMENTS AND CONTINGENCIES

Commitments

The Company entered into a lease agreement for office space under a non-cancelable lease which commenced January 31, 2002 and expires January 31, 2007.

Future minimum lease payments under the lease are as follows:

<u>Year</u>	<u>Amount</u>
2006	\$ 54,587
2007	4,555
2008	-
2009	-
Total	<u>\$ 59,142</u>

Rent expense was \$30,000 for the year ended December 31, 2005.

Diversified Global Capital Group, Inc.

Notes to Financial Statements

December 31, 2005

Note 6: COMMITMENTS AND CONTINGENCIES

(Continued)

The Company owes California state income taxes for tax year 2003. The total amount due is \$1,215 which includes the \$800 minimum California franchise tax plus penalties and interest on the unpaid balance. The parent company has assumed the responsibility for the payment of this debt.

Going Concern

The Company had very little activity for the year ended December 31, 2005, and was also inactive the previous year 2004. This inactivity has resulted in substantial operating losses which bring into question the Company's ability to continue as a going concern. To provide needed liquidity, the Parent will continue to capitalize the Company to fund its continuing operations. In addition, the Company, with the assistance of its Parent, is currently exploring the possibility of acquiring another broker/dealer or being acquired by another broker/dealer.

Note 7: RECENTLY ISSUED ACCOUNTING STANDARDS

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 123 (revised 2004), "*Share-Based Payment*" ("FAS 123R"), which requires the measurement and recognition of compensation expense for all stock-based compensation payments including grants of employee stock options. Stock options are a valuable and important tool used by many companies as a means to motivate employees and promote business growth. This statement eliminates the ability to account for such share-based compensation transactions using the intrinsic value method as prescribed by Accounting Principles Board, or APB, Opinion No. 25, "*Accounting for Stock Issued to Employees*," and requires that such transactions be reflected in the financial statements based upon the estimated fair value of the awards. In addition, there are a number of other requirements under the new standard that will result in differing accounting treatment than currently required. These differences include, but are not limited to, the accounting treatment for the tax benefit on employee stock options and for stock issued under an employee stock purchase plan. FASB 123R becomes effective for all reports issued after June 15, 2005. Adoption of the new standard has not had a material effect upon the financial statements of the company.

Diversified Global Capital Group, Inc.
Notes to Financial Statements
December 31, 2005

Note 8: COMPUTATION OF NET CAPITAL

The Company is subject to the uniform net capital rule (Rule 15c3-1) of the Securities and Exchange Commission, which requires both 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. Net capital and aggregate indebtedness change day to day, but on December 31, 2005, the Company's net capital of \$5,373 exceeded the minimum net capital requirement by \$373; and the Company's ratio of aggregate indebtedness (\$1,150) to net capital was 0.21 to 1, which is less than the 15 to 1 maximum ratio allowed of a Broker/Dealer.

The net capital rules provide for an "early warning" to the NASD and SEC if the net capital falls below 120% of the required minimum. The deficiency must be corrected.

At December 31, 2005, the Company was \$627 deficient in meeting its 120% minimum capital requirement. When the Company was notified of the shortage, it immediately took action to correct the deficiency by depositing an additional \$650 in capital.

Note 9: RECONCILIATION OF AUDITED NET CAPITAL TO UNAUDITED FOCUS

There is a \$ 800 difference between the computation of net capital under net capital Sec. Rule 15c3-1 and the corresponding unaudited focus part IIA

Net capital per unaudited schedule		\$ 6,173
Adjustments:		
Accumulated deficit	\$ (20,706)	
Non-allowable assets	19,905	
Rounding	<u>1</u>	
Total adjustments		<u>(800)</u>
Net capital per audited statements		<u>\$ 5,373</u>

Diversified Global Capital Group, Inc.
Schedule I - Computation of Net Capital Requirements
Pursuant to Rule 15c3-1
As of December 31, 2005

Computation of net capital

Common stock	\$ 100,000	
Additional paid-in capital	972,067	
Accumulated deficits	<u>(1,038,761)</u>	
Total stockholder's equity		\$ 33,306
Less: Non-allowable assets		
Receivable - other	(5,600)	
Furniture and equipment, net	(14,769)	
Deposits	<u>(7,564)</u>	
Total non-allowable assets		<u>(27,933)</u>
Net Capital		5,373

Computation of net capital requirements

Minimum net capital requirements		
6 2/3 percent of net aggregate indebtedness	\$ 77	
Minimum dollar net capital required	<u>5,000</u>	
Net capital required (greater of above)		<u>5,000</u>
Excess net capital		<u>\$ 373</u>

Percentage of aggregate indebtedness to net capital 0.21 : 1

There was a \$800 difference in the net capital computation shown here and the net capital computation shown on the Company's unaudited Form X-17A-5 report dated December 31, 2005 (See Note 9).

See independent auditor's report

Diversified Global Capital Group, Inc.
Schedule II - Computation for Determination of Reserve
Requirements Pursuant to Rule 15c3-3
As of December 31, 2005

A computation of reserve requirement is not applicable to Diversified Global Capital Group, Inc. as the Company qualifies for exemption under Rule 15c3-3 (k)(1).

See independent auditor's report

Diversified Global Capital Group, Inc.
Schedule III - Information Relating to Possession or Control
Requirements Pursuant to 15c3-3
As of December 31, 2005

Information relating to possession or control requirements is not applicable to Diversified Global Capital Group, Inc. as the Company qualifies for exemption under Rule 15c3-3 (k)(1).

See independent auditor's report

Diversified Global Capital Group, Inc.
Supplementary Accountant's Report
on Internal Accounting Control
Report Pursuant to 17a-5
For the Year Ended December 31, 2005

Board of Directors
Diversified Global Capital Group, Inc.:

In planning and performing our audit of the financial statements and supplemental schedules of Diversified Global Capital Group, Inc. (the Company), for the year ended December 31, 2005, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by Diversified Global Capital Group, Inc. including tests of such practices and procedures that we considered relevant to objectives stated in rule 17a-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 the exemptive provisions of rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of 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 judgements 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.

i

We Focus & CareSM

9010 Corbin Avenue, Suite 7
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Because of inherent limitations in internal control or the practices and procedures referred to above, error 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.

Our 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, we noted no matters involving internal control, including control activities for safeguarding securities, that we considered to be material weaknesses as defined above.

We 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 our study, we believe that the Company's practices and procedures were adequate at December 31, 2005 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, National Association of Securities Dealers, Inc. 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.



Breard & Associates, Inc.
Certified Public Accountants

Northridge, California
February 9, 2006