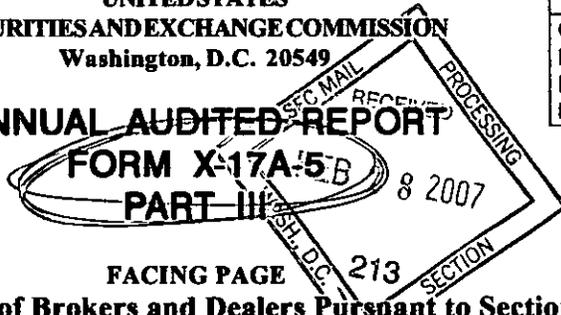




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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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



PJB 3/12

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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 01/01/2006 AND ENDING 12/31/2006  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Technology Capital Management, LLC**

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

**8 Greenbay Circle**

(No. and Street)

**Houston**

**Texas**

**77024**

(City)

(State)

(Zip Code)

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

**Harvard H. Hill, Jr.**

**713-222-8600**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**McConnell & Jones LLP**

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

**3040 Post Oak Blvd Suite 1600**

**Houston**

**Texas**

**77056**

(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 21 2007

FOR OFFICIAL USE ONLY

THOMSON  
FINANCIAL

\*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)

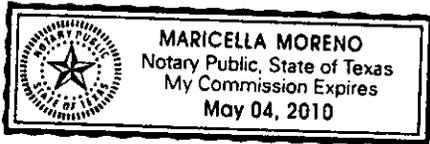
SEC 1410 (06-02)

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.

*am*

OATH OR AFFIRMATION

I, Harvard H. Hill, 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 Technology Capital Management, LLC, as of December 31, 2006, 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:



Harvard H. Hill, Jr.  
Signature  
President  
Title

Maricella Moreno  
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).

**TECHNOLOGY CAPITAL MANAGEMENT, LLC**

**Financial Statements and Supplementary  
Information Required by SEC Rule 17a-5**

**December 31, 2006**

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McCONNELL & JONES LLP  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Member of  
Technology Capital Management, LLC

We have audited the accompanying statement of financial condition of Technology Capital Management, LLC (the "Company") as of December 31, 2006, and the related statements of operations, changes in member's equity and cash flows for the year 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 condition of Technology Capital Management, LLC as of December 31, 2006, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I 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 Act of 1934. Such information has been subjected to the auditing procedures applied in our audit 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.

Houston, Texas  
February 16, 2007

**TECHNOLOGY CAPITAL MANAGEMENT, LLC**

**Statement of Financial Condition**

**December 31, 2006**

**Assets**

Cash and cash equivalents	\$ 13,826
Certificate of deposit	11,844
Accrued interest receivable	<u>138</u>
Total assets	<u>\$ 25,808</u>

**Liabilities and Member's Equity**

Accounts payable	<u>\$ 5,000</u>
Total liabilities	<u>5,000</u>
Commitments and contingencies	-
Member's equity	<u>20,808</u>
Total member's equity	<u>20,808</u>
Total liabilities and member's equity	<u>\$ 25,808</u>

See accompanying notes to financial statements.

TECHNOLOGY CAPITAL MANAGEMENT, LLC

Statement of Operations

Year Ended December 31, 2006

<b>Revenues</b>	
Interest income	\$ 385
Other income	858
	<hr/>
Total revenues	1,243
	<hr/>
<b>Expenses</b>	
Service fee - related party	43,200
Regulatory fees and expenses	2,175
Consulting fees	12,838
Accounting/legal expenses	5,475
Interest expenses	1,953
Fidelity bond	364
	<hr/>
Total expenses	66,005
	<hr/>
<b>Net loss</b>	<b>\$ (64,762)</b>

See accompanying notes to financial statements.

**TECHNOLOGY CAPITAL MANAGEMENT, LLC**

**Statement of Changes in Member's Equity**

**Year Ended December 31, 2006**

<b>Balance at December 31, 2005</b>	\$ (2,506)
Services contributed by member	43,200
Member cash contributions	20,000
Expenses contributed by member	24,876
Net loss	<u>(64,762)</u>
<b>Balance at December 31, 2006</b>	<u>\$ 20,808</u>

See accompanying notes to financial statements.

TECHNOLOGY CAPITAL MANAGEMENT, LLC

Statement of Cash Flows

Year Ended December 31, 2006

<b>Cash flows from operating activities</b>	
Net loss	\$ (64,762)
Adjustments to reconcile net loss to net cash used in operating activities	
Services contributed by member	43,200
Expenses contributed by member	24,876
Changes in operating assets and liabilities	
Decrease in accounts payable	<u>(9,103)</u>
Net cash used in operating activities	<u>(5,789)</u>
<b>Cash flows from investing activities</b>	
Increase in certificate of deposit	<u>(385)</u>
Net cash provided by investing activities	<u>(385)</u>
<b>Cash flows from financing activities</b>	
Capital contributions	<u>20,000</u>
Net cash provided by financing activities	<u>20,000</u>
<b>Net increase in cash and cash equivalents</b>	13,826
<b>Cash and cash equivalents - beginning of year</b>	<u>-</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 13,826</u>
<b>Supplemental cash flows information</b>	
Services contributed by member	\$ 43,200
Expenses contributed by member	\$ 24,876

See accompanying notes to financial statements.

# TECHNOLOGY CAPITAL MANAGEMENT, LLC

## Notes to Financial Statements

December 31, 2006

### Note 1 - General Information and Summary of Significant Accounting Policies

#### *Description of business*

Technology Capital Management, LLC (the "Company"), a Texas limited liability company, was formed on April 4, 2000, through the execution of a limited liability company agreement with its single member, Houston Partners Technology Group, LLC (the "Member"). The Company is a broker-dealer in securities under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers ("NASD").

#### *Cash and cash equivalents*

The Company considers all short-term highly liquid investments which are readily convertible into cash which have maturities as of the date of purchase of three months or less to be cash equivalents.

#### *Income taxes*

The Company is not recognized as a taxable entity for Federal income tax purposes and, thus, no income tax expense has been recorded in the financial statements. Taxable income of the Company is reported on the member's federal tax return.

#### *Revenue recognition policy*

The Company recognizes revenues from private placements, including fees arising from the placement of debt and equity securities of corporations and other entities, as earned.

#### *Use of estimates*

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

# TECHNOLOGY CAPITAL MANAGEMENT, LLC

## Notes to Financial Statements

December 31, 2006

### Note 2 - Consulting Agreement

During July 2000, the Company entered into a consulting services agreement with MGL Consulting Corporation to provide Financial and Operations Principal (FINOP) services for a fixed fee of \$750 per month. This service was terminated during the year and the total fee paid for this service during the year was \$2,250. Furthermore, other consulting and NASD related compliance services provided by the MGL during the year ended December 31, 2006 totaled \$10,588.

### Note 3 - Commission Agreement

During March 2003, the Company entered into an agreement with a related party, to assist in (i) structuring private placements of debt or equity securities, (ii) acting as a financial advisor regarding the financing of companies, (iii) reviewing business plans and (iv) screening and selecting prospective private investors. As compensation for services, the Company shall pay a commission to the related party of up to 60% of the placement fee funds received. There were no commissions accrued nor paid related to this agreement during the year ended December 31, 2006.

### Note 4 - Management Services Agreement

Effective January 1, 2002, the Company and its Member entered into a management services agreement in which the Member agreed to provide back office services and pay, on behalf of the Company, all overhead expenses. The agreement was amended on December 1, 2003 to eliminate the monthly service fee and instead provide an Incremental Allocation Services fee of \$3,600 per month and a Proportional Allocation Services fee equal to 85% of the monthly adjusted net operating income, which excludes the service fee (the "Service Fees"). Payment of the monthly Proportional Allocation Services fee can be waived by the Member upon notification to the Company. In the event that the Service Fees cause the Company's net capital to fall below \$10,000, then the Service Fees shall be reduced on a dollar-for-dollar basis by any amount necessary to allow the Company to maintain net capital equal to \$10,000. The amount of the reduction will be permanently waived and will not be recouped by the Member in future months. Accordingly, under the terms of these agreements, the Company incurred \$43,200 of Service Fees expense for the year ended December 31, 2006. Payment of these fees was waived by the Member and was instead recorded as a contribution to capital by the member.

# TECHNOLOGY CAPITAL MANAGEMENT, LLC

## Notes to Financial Statements

December 31, 2006

### Note 5 - Employee Benefit Plan

The Company, along with affiliated companies, has adopted a SIMPLE IRA plan for the benefit of its employees effective March 31, 2001. The Company may match up to 3% of eligible employee's contributions. The Company did not incur any expense for matching contributions for the year ended December 31, 2006.

### Note 6 - Net Capital Requirements

In accordance with Rule 15c3-1 of the Securities and Exchange Commission ("SEC"), the Company's aggregate indebtedness, as defined, shall not exceed 15 times its net capital. The Company must also maintain minimum net capital, subject to the requirements of a fully disclosed broker-dealer. As of December 31, 2006, the Company's net capital, as defined, of \$20,626 exceeded the required minimum by \$15,626 and its ratio of aggregate indebtedness to net capital was 24.24%.

### Note 7 - Subordinated Liabilities

There were no liabilities subordinated to claims of general creditors at any time during the year. Therefore, the statement of changes in liabilities subordinated to claims of general creditors has not been presented for the year ended December 31, 2006.

### Note 8 - Omission of Certain Reports

A computation for determination of reserve requirements pursuant to rule 15c3-3 as specified by rule 17a-5(d)(3) and information relating to possession or control of securities as specified by rule 15c3-3 and rule 17a-5(d)(3) were both omitted and are not required, as the Company operates pursuant to the exemptive provisions of SEC Rule 15c3-3(k)(2)(i). The Company does not hold customer funds or securities.

The Securities Investor Protection Corporation ("SIPC") supplemental report specified by rule 17a-5(e)(4) is omitted since the SIPC has suspended assessments based on net operating revenue.

**SUPPLEMENTARY INFORMATION  
PURSUANT TO RULE 17a-5 OF THE  
SECURITIES AND EXCHANGE COMMISSION**

**SCHEDULE I  
NET CAPITAL COMPUTATION  
AS REQUIRED UNDER RULE 15c3-1 OF THE  
SECURITIES AND EXCHANGE COMMISSION FOR  
TECHNOLOGY CAPITAL MANAGEMENT, LLC**

**December 31, 2006**

Net capital requirement, the greater of:		\$ 5,000
1/15 of aggregate indebtedness	\$333	
Minimum dollar requirement	5,000	
Net capital		<u>20,626</u>
Excess Net Capital		<u>\$15,626</u>
Aggregate indebtedness		\$ 5,000
Excess net capital @ 1,000% (net capital, less 10% aggregate indebtedness)		\$20,126
Ratio of aggregate indebtedness to net capital		24.24%
Ratio of subordinated indebtedness to debt/equity total		N/A
<hr/>		
Total assets		\$25,808
Less - total liabilities		<u>5,000</u>
Net worth		<u>20,808</u>
Deductions from and/or charges to net worth		
Total non-allowable assets	138	
Other deductions or charges		
	<u>-</u>	
Total deductions from net worth		<u>20,670</u>
Net capital before haircuts on securities positions		
Haircuts on securities		
Certificates of deposit and commercial paper	44	
U.S. and Canadian government obligations	-	
State and municipal government obligations	-	
Corporate obligations	-	
Stock and warrants	-	
Options	-	
Arbitrage	-	
Other securities	-	
Undue concentration	-	
	<u>-</u>	<u>44</u>
Net capital*		<u>\$20,626</u>

\* There are no material differences in the above calculation of net capital and the amount included in the unaudited FOCUS report.

**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL REQUIRED BY  
RULE 17a-5  
OF THE SECURITIES AND EXCHANGE COMMISSION**



**McCONNELL & JONES** L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED  
By RULE 17A-5 of the SECURITIES AND EXCHANGE COMMISSION**

To the Member of  
Technology Capital Management, LLC

In planning and performing our audit of the financial statements and supplemental schedules of Technology Capital Management, LLC (the Company), as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's 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 the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the 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 securities 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 quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13
2. 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 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, 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.

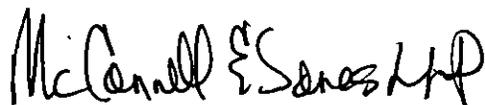
A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider 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, 2006, 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, 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.



Houston, Texas  
February 16, 2007