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

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

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Washington, DC

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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 01/01/08 (MM/DD/YY) AND ENDING 12/31/08 (MM/DD/YY)

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: AETHLON CAPITAL, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

4920 IDS CENTER, 80 SOUTH 8TH STREET
(No. and Street)

MINNEAPOLIS (City) MN (State) 55402 (Zip Code)

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

SIMA GRIFFITH (612) 338-0934
(Area Code – Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

VIRCHOW, KRAUSE & COMPANY, LLP
(Name – *if individual, state last, first, middle name*)

225 SOUTH SIXTH STREET, SUITE 2300, MINNEAPOLIS, MN 55402
(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)

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.

OATH OR AFFIRMATION

I, SIMA GRIFFITH, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AETHLON CAPITAL, LLC, as of DECEMBER 31, 2008, 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:

____

____

____

Signature

Title

Notary Public

This report ** contains (check all applicable boxes):

- [x] (a) Facing Page.
- [x] (b) Statement of Financial Condition.
- [x] (c) Statement of Income (Loss).
- [x] (d) Statement of ~~XXXXXXXXXXXXXXXX~~ CASH FLOWS.
- [x] (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- [ ] (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- [x] (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 15c3-1 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.
- [x] (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).***

AETHLON CAPITAL, LLC

Minneapolis, Minnesota

December 31, 2008 and 2007

FINANCIAL STATEMENTS

Including Independent Auditors' Report

AETHLON CAPITAL, LLC

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Virchow Krause & company

INDEPENDENT AUDITORS' REPORT

Board of Governors
Aethlon Capital, LLC
Minneapolis, Minnesota

We have audited the accompanying statements of financial condition of Aethlon Capital, LLC (a limited liability company) as of December 31, 2008 and 2007, and the related statements of operations, member's equity and cash flows for the years 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 audits.

We conducted our audits 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 audits provide 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 Aethlon Capital, LLC as of December 31, 2008 and 2007, 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.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information contained in the schedule presented on page 10 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 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the 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.

Virchow, Krause & Company, LLP

Minneapolis, Minnesota
February 18, 2009

Virchow, Krause & Company, LLP
Certified Public Accountants & Consultants • An Independent Member of Baker Tilly International

AETHLON CAPITAL, LLC

STATEMENTS OF FINANCIAL CONDITION
December 31, 2008 and 2007

ASSETS

	2008	2007
CASH AND CASH EQUIVALENTS	$ 2,873	$ 216,928
MARKETABLE SECURITIES	11,130	17,197
COMMISSIONS RECEIVABLE	7,798	591
PREPAID EXPENSES	5,355	9,622
EQUIPMENT AND FURNITURE, NET	9,809	13,875
WEB COSTS, NET	9,938	13,177
TOTAL ASSETS	$ 46,903	$ 271,390

LIABILITIES AND MEMBER'S EQUITY

	2008	2007
ACCRUED EXPENSES	$ 2,122	$ 65,756
MEMBER'S EQUITY	44,781	205,634
TOTAL LIABILITIES AND MEMBER'S EQUITY	$ 46,903	$ 271,390

See accompanying notes to financial statements.

AETHLON CAPITAL, LLC

STATEMENTS OF OPERATIONS
Years Ended December 31, 2008 and 2007

	2008	2007
REVENUES	$ 211,366	$ 721,100
EXPENSES		
Salaries and commissions	25,156	85,000
Payroll taxes and other employee benefits	8,000	23,127
Occupancy costs	65,846	67,162
Other administrative expenses	119,897	276,397
Total expenses	218,899	451,686
OTHER INCOME (EXPENSE)		
Other income	22	35,037
Unrealized gain (loss) on marketable securities	(6,067)	2,992
Other income (expense)	(6,045)	38,029
NET INCOME (LOSS)	$ (13,578)	$ 307,443

See accompanying notes to financial statements.

AETHLON CAPITAL, LLC

STATEMENTS OF MEMBER'S EQUITY
Years Ended December 31, 2008 and 2007

BALANCE, December 31, 2006	$	51,839
2007 net income		307,443
Member contributions		10,000
Member distributions		(163,648)
BALANCE, December 31, 2007		205,634
2008 net loss		(13,578)
Member distributions		(147,275)
BALANCE, December 31, 2008	$	44,781

See accompanying notes to financial statements.

AETHLON CAPITAL, LLC

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (13,578)	$ 307,443
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	9,034	3,548
Unrealized (gain) loss on marketable securities	6,067	(2,992)
Changes in operating assets and liabilities:		
Commissions receivable	(7,207)	24,071
Prepaid expenses	4,267	(5,593)
Accrued expenses	(63,634)	56,924
Net Cash Flows from Operating Activities	(65,051)	383,401
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment and intangible assets	(1,729)	(20,498)
Net Cash Flows from Investing Activities	(1,729)	(20,498)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution from member	-	10,000
Distributions to member	(147,275)	(163,648)
Net Cash Flows from Financing Activities	(147,275)	(153,648)
Net Change in Cash and Cash Equivalents	(214,055)	209,255
CASH AND CASH EQUIVALENTS - Beginning of Year	216,928	7,673
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,873	$ 216,928

See accompanying notes to financial statements.

AETHLON CAPITAL, LLC

NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 1 - Summary of Significant Accounting Policies

Nature of Business

Aethlon Capital, LLC (the Company) was formed in October 1996 as a limited liability company under Chapter 322B of the Minnesota statutes. The Company will continue until October 30, 2026 unless terminated prior to that time.

The Company is a licensed securities broker-dealer and specializes in providing investment banking services for public and private emerging growth companies. Services provided include private placement of equity or debt and general corporate finance advisory services.

The Company is a member of the Securities Investors Protection Corporation (SIPC) and Financial Industry Regulatory Authority, Inc. (FINRA).

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, the Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash balances in excess of FDIC and similar insurance coverages are subject to the usual banking risks associated with funds in excess of those limits.

Marketable Securities

Marketable securities consist of common stock and are classified as trading securities. Trading securities are reported at fair market value with all unrealized gains (losses) included in other income on the statements of operations.

	Aggregate fair value	Cost	Gross unrealized gains (losses)
Marketable equity securities	$ 11,130	$ 12,969	$ (1,839)

Commissions Receivable

Commissions receivable are unsecured and do not accrue interest. No allowance for doubtful accounts is considered necessary at December 31, 2008 and 2007.

Equipment and Furniture

Equipment and furniture consists of computer equipment, furniture and software and are recorded at cost and being depreciated using straight-line and accelerated methods over estimated useful lives of 3 to 7 years. Repairs and maintenance costs are expensed as incurred.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Revenue Recognition

The Company's revenues were derived from consulting fees and commissions from private placements. Consulting fees are nonrefundable deposits received during the initial stages of a private placement. Consulting fees may be deductible against the total commissions to be received upon the closing of a placement. Consulting fees are recognized upon receipt. Commission revenue is recognized at the time of the placement's closing.

Income Taxes

The Company is a limited liability company for income tax purposes. Accordingly, these financial statements do not include any provision or liability for income taxes since the income and expenses are reported on the individual income tax returns of the sole member and the applicable income taxes, if any, are paid by the member.

Management's 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 and disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

For comparability, certain 2007 amounts have been reclassified to conform with classifications adopted in 2008. These reclassifications had no effect on net income (loss) or member's equity.

NOTE 2 - Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1, which requires 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 the related net capital ratio fluctuate on a daily basis. At December 31, 2008 and 2007, the Company had net capital of $10,195 and $165,773 which was $5,195 and $160,773 in excess of its required net capital of $5,000. The Company's net capital ratio was .21 to 1 and .40 to 1 at December 31, 2008 and 2007.

No material differences exist between the net capital calculated above and the net capital computed and reported in the Company's December 31, 2008 FOCUS filing. Per Rule 15c3-3 of the Securities and Exchange Commission Uniform Net Capital Rule, the Company is exempt under the (k)(2)(i) exemption.

NOTE 3 - Equipment and Furniture, Net

Equipment and furniture consisted of the following at December 31:

	2008	2007
Equipment and Furniture	$ 44,523	$ 44,523
Less Accumulated Depreciation	(34,714)	(30,648)
	$ 9,809	$ 13,875

Depreciation expense was $4,066 and $3,548 for the years ended December 31, 2008 and 2007.

NOTE 4 - Web Costs, Net

Web costs consisted of the following at December 31:

	2008	2007
Website Costs	$ 14,906	$ 13,177
Less Accumulated Amortization	(4,968)	-
	$ 9,938	$ 13,177

Amortization expense was $4,968 and $0 for the years ended December 31, 2008 and 2007.

NOTE 5 - Employee Benefit Plan

The Company adopted a simplified employee pension plan in 1999. Contributions to the plan by the Company are discretionary. Employer contributions were $0 and $3,850 for the years ended December 31, 2008 and 2007.

NOTE 6 - Significant Customers

Three customers accounted for 28%, 23% and 22% of total revenues for the year ended December 31, 2008. Three customers accounted for 42%, 31% and 24% of total revenues for the year ended December 31, 2007.

NOTE 7 - Operating Leases

The Company entered into a noncancelable operating lease for office space. The lease expires May 2010 and requires monthly base rents of $2,825 which increase annually over the term of the lease to $2,866. In addition, the Company is required to pay its pro rata share of the building's property taxes and operating expenses. The Company also leases a vehicle under a lease that expires May 2009. The monthly lease payment is $539. Total rent for all leases, including operating expenses, was approximately $63,800 and $65,300 for the years ended December 31, 2008 and 2007.

Future minimum rental commitments are as follows for the years ending December 31:

2009	$ 36,878
2010	14,328
	$ 51,206

SUPPLEMENTAL INFORMATION

AETHLON CAPITAL, LLC

COMPUTATION OF NET CAPITAL AND AGGREGATE INDEBTEDNESS UNDER RULE 15C3-1 OF THE SECURITIES AND EXCHANGE COMMISSION
December 31, 2008

COMPUTATION OF NET CAPITAL

Member's equity		$ 44,781
Deductions and/or charges:		
Non-allowable assets:		
Commissions receivable	$ 7,798	
Prepaid expenses	5,355	
Equipment and furniture, net	9,809	
Web Costs, net	9,938	32,900
Net capital before haircuts on securities positions		11,881
Haircuts on securities positions		1,686
Net capital		$ 10,195

COMPUTATION OF AGGREGATE INDEBTEDNESS

Total liabilities from statement of financial condition	$ 2,122

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital requirement	$ 5,000
Excess net capital at 1,500 percent	$ 5,195
Excess net capital at 1,000 percent	$ 9,983
Ratio: Aggregate indebtedness to net capital	.21 to 1

RECONCILIATION WITH COMPANY'S COMPUTATION

Net capital, as reported in Company's Part II FOCUS report, Form X-17a-5 (unaudited)	$ 10,195
Audit adjustments	-
Net capital per above	$ 10,195

VirchowKrause &company

INDEPENDENT AUDITORS' SUPPLEMENTARY REPORT ON INTERNAL ACCOUNTING CONTROL

Board of Governors
Aethlon Capital, LLC
Minneapolis, Minnesota

In planning and performing our audit of the financial statements and supplemental schedule of Aethlon Capital, LLC (the Company) as of and for the year ended December 31, 2008 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 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 internal 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 accounting principles generally accepted in the United States of America. 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, errors 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 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 errors 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. Due to the small size of the Company's accounting department, the Company has a lack of segregation of duties. We consider this item to be a material weakness 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, 2008, to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC, and other regulatory agencies which 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.

Virchow, Krause & Company, LLP

Minneapolis, Minnesota
February 18, 2009

END