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

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

SEC FILE NUMBER
8-47674



09059935

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 AND ENDING 12/31/08
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Lane Financial LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
1420 Sheridan Road, Suite 1E

(No. and Street)

Wilmette Illinois 60091
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Morton N. Lane (847) 853-0368
(Area Code-Telephone No)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Schultz and Chez, LLP

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

141 W. Jackson Blvd., Suite 2900 Chicago IL 60604
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

**SEC Mail Processing
Section**

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Washington, DC
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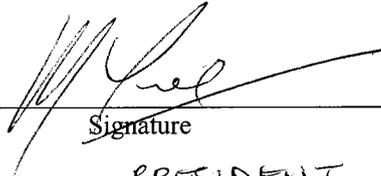
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 241.17a-5(e)(2).

AB
3/24

OATH OR AFFIRMATION

I, Morton Lane, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental information pertaining to the firm of Lane Financial LLC as of December 31, 2008, are true and correct. I further affirm that neither the Company nor any member, proprietor, principal officer, or director has any proprietary interest in any account classified solely as that of a customer.

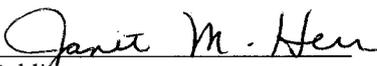




Signature

PRESIDENT

Title



Notary Public

This report contains (check all applicable boxes):

- (a) Facing Page
- (b) Statement of Financial Condition
- (c) Statement of Operations
- (d) Statement of Changes in Member's Equity
- (e) Statement of Cash Flows
- (f) Statement of Changes in Subordinated Borrowings

Supplemental Information:

- (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 under Requirement 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 pursuant to 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) Independent Auditors' Supplemental Report on Internal Control
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Independent Auditor's Report on Internal Control Structure.

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

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SCHULTZ & CHEZ, L.L.P.

Certified Public Accountants

141 West Jackson Boulevard, Suite 2900

Chicago, Illinois 60604

Main: (312) 332-1912

Fax: (312) 332-3635

INDEPENDENT AUDITOR'S REPORT

To the Member of
LANE FINANCIAL L.L.C.
Wilmette, Illinois

We have audited the accompanying statement of financial condition of LANE FINANCIAL L.L.C., (an Illinois Limited Liability Company), as of December 31, 2008, 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 position of LANE FINANCIAL L.L.C., (an Illinois Limited Liability Company), as of December 31, 2008, 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 on pages 8 through 9 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required under Rule 17a-5 by the Securities and Exchange Commission. 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.

Chicago, Illinois
January 29, 2009

Schultz & Chez, LLP

LANE FINANCIAL L.L.C.
(an Illinois Limited Liability Company)

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2008

ASSETS

| | | |
|--|----|---------------|
| Cash | \$ | 11,165 |
| Securities owned, at market | | 7,413 |
| Furniture, equipment and leasehold improvements, net | | <u>21,895</u> |
| TOTAL ASSETS | \$ | <u>40,473</u> |

LIABILITIES

| | | |
|-------------------|----|--------------|
| Accounts payable | \$ | <u>7,500</u> |
| Total Liabilities | | <u>7,500</u> |

MEMBER'S EQUITY

| | | |
|---------------------------------------|----|---------------|
| Member's equity | | <u>32,973</u> |
| TOTAL LIABILITIES AND MEMBER'S EQUITY | \$ | <u>40,473</u> |

See accompanying notes.

LANE FINANCIAL L.L.C.
(an Illinois Limited Liability Company)

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2008

REVENUES

| | | |
|--|----|----------------|
| Consulting | \$ | 120,030 |
| Change in unrealized gain (loss) on securities | (| 7,434) |
| Interest | | <u>222</u> |
| Total Revenue | | <u>112,818</u> |

EXPENSES

| | |
|----------------------------|----------------|
| Consulting | 56,218 |
| Dues and subscriptions | 6,209 |
| Communications | 10,021 |
| Professional fees | 5,522 |
| Promotion and travel | 33,843 |
| Depreciation | 2,504 |
| Compliance regulatory fees | 1,503 |
| Office | 10,563 |
| Other | <u>795</u> |
| Total Expenses | <u>127,178</u> |

NET LOSS \$(14,360)

See accompanying notes.

LANE FINANCIAL L.L.C.
(an Illinois Limited Liability Company)

STATEMENT OF CHANGES IN MEMBER'S EQUITY

YEAR ENDED DECEMBER 31, 2008

| | |
|------------------------------|-------------------------|
| Balance at December 31, 2007 | \$ 144,233 |
| Member contributions | 4,000 |
| Member withdrawals | (100,900) |
| Net loss | (<u>14,360</u>) |
| Balance at December 31, 2008 | \$ <u><u>32,973</u></u> |

See accompanying notes.

LANE FINANCIAL L.L.C.
(an Illinois Limited Liability Company)

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2008

| | |
|---|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Net loss | \$ (14,360) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | |
| Depreciation | 2,504 |
| Change in unrealized gain on securities | 7,434 |
| (Increase)/decrease in operating assets: | |
| Accounts receivable | 36,000 |
| Increase/(decrease) in operating liabilities: | |
| Accounts payable | (<u>2,243</u>) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>29,335</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Member contributions | 4,000 |
| Member withdrawals | (<u>100,900</u>) |
| NET CASH USED IN FINANCING ACTIVITIES | (<u>96,900</u>) |
| NET DECREASE IN CASH | (67,565) |
| CASH AND CASH EQUIVALENTS AT DECEMBER 31, 2007 | <u>78,730</u> |
| CASH AND CASH EQUIVALENTS AT DECEMBER 31, 2008 | \$ <u>11,165</u> |

Supplemental Cash Flow information:

There were no cash payments for interest or taxes during the year.

See accompanying notes.

LANE FINANCIAL L.L.C.
(an Illinois Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

1. ORGANIZATION

Lane Financial L.L.C. ("the Company"), while not currently operating in this capacity, is a registered broker-dealer under the Securities Exchange Act of 1934, and is licensed to act as an introducing broker whose accounts are cleared and carried by other broker-dealers on a fully disclosed basis. The Company currently engages in various consulting activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Use of Estimates

The accompanying financial statements are prepared in conformity with generally accepted accounting principles which necessarily 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Furniture, Fixtures and Equipment

Equipment, furniture and leasehold improvements are recorded at cost. Equipment and furniture are depreciated over their estimated useful lives using accelerated methods. Leasehold improvements are depreciated over twenty-seven and one-half years using the straight-line method. At December 31, 2008, accumulated depreciation totaled \$48,151.

Revenues from Consulting

Consulting fees are recorded when earned. During the year 83% of consulting fees were derived from two sources.

Income Taxes

No provision has been made for income taxes as the taxable income or loss is included in the income tax return of the Member.

Comprehensive Income

The Company has not presented a Statement of Comprehensive Income because it does not have any items of "other comprehensive income".

LANE FINANCIAL L.L.C.
(an Illinois Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

3. NET CAPITAL AND OTHER REGULATORY REQUIREMENTS

The Company is subject to minimum capital requirements of the Securities and Exchange Commission's Rule 15c3-1 (the "Rule"). Under the Rule, the Company is required to maintain "net capital" equal to the greater of \$5,000 or 6 2/3% of "aggregate indebtedness" (a maximum ratio of 15 to 1) as those terms are defined by the Rule. As of December 31, 2008, the Company's regulatory net capital of \$9,020 exceeded required net capital by \$4,020. The ratio of "aggregate indebtedness" to "net capital" was less than 1 to 1.

The Company is exempt from the provisions of the Securities and Exchange Commission's Rule 15c3-3 under paragraph (k)(2)(i) thereof.

4. RELATED PARTY TRANSACTIONS

The Company's office space is located on the premises of the Member's personal residence. During the year, the Company paid it's member for certain maintenance and other expenses, shared on a prorata basis in the amount of \$6,429.

SUPPLEMENTARY INFORMATION

LANE FINANCIAL L.L.C.
(an Illinois Limited Liability Company)
**COMPUTATION OF NET CAPITAL,
PER UNIFORM NET CAPITAL RULE 15c 3-1**
DECEMBER 31, 2008

| | |
|--|-------------------|
| NET CAPITAL | |
| Member's equity | \$ 32,973 |
| Non-allowable assets | |
| Furniture, equipment and leasehold improvements, net | (<u>21,895</u>) |
| NET CAPITAL BEFORE HAIRCUTS ON SECURITIES | 11,078 |
| Haircuts on securities and money market investments | (1,112) |
| Undue concentration | (<u>946</u>) |
| NET CAPITAL | \$ <u>9,020</u> |
| COMPUTATION OF BASIC NET CAPITAL REQUIREMENT | |
| Net capital requirement (greater of 6 2/3% of aggregate indebtedness or \$5,000) | \$ <u>5,000</u> |
| EXCESS NET CAPITAL | \$ <u>4,020</u> |
| COMPUTATION OF AGGREGATE INDEBTEDNESS | |
| Accounts payable | \$ <u>7,500</u> |
| Ratio of aggregate indebtedness to net capital | <u><1:1</u> |

Note: There are no material differences between the audited computation of net capital and that per the Company's unaudited FOCUS report as filed.

LANE FINANCIAL L.L.C.
(an Illinois Limited Liability Company)

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS

AND

**INFORMATION FOR THE POSSESSION OR CONTROL REQUIREMENTS PURSUANT TO RULE
15c3-3**

DECEMBER 31, 2008

These schedules are not applicable as LANE FINANCIAL L.L.C. is exempt from Rule 15c3-3 under the provisions of subparagraph (k)(2)(i) inasmuch as it carries no margin accounts, promptly transmits all customer funds and delivers all securities received in connection with its activities as a broker or dealer, does not otherwise hold funds or securities for, or owe money or securities to, customers and effectuates all financial transactions between the broker or dealer and its customers through one or more bank accounts, each designated as "Special Account for the Exclusive Benefit of Customers of LANE FINANCIAL L.L.C."

SCHULTZ & CHEZ, L.L.P.

Certified Public Accountants

141 West Jackson Boulevard, Suite 2900
Chicago, Illinois 60604
Main: (312) 332-1912
Fax: (312) 332-3635

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

To the Member of
LANE FINANCIAL L.L.C.
Wilmette, Illinois

In planning and performing our audit of the financial statements of LANE FINANCIAL L.L.C., (an Illinois Limited Liability Company), for the year ended December 31, 2008, 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 the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures followed by LANE FINANCIAL L.L.C., 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) in complying with the conditions of exemption from Rule 15c3-3. We did not review the practices and procedures followed by the Company in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers.

The management of the Company is responsible for establishing and maintaining an 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 control policies and procedures 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 Commission's above-mentioned objectives. Two of the objectives of an 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 preparation of financial statements in conformity with U.S. 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 any 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.

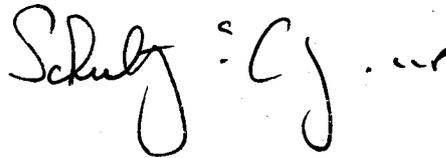
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control 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 the internal control would not necessarily disclose all matters in the 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. However, we noted no matters involving the internal control, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above. In addition, the Company was in compliance with the conditions of the exemptive provisions of Rule 15c3-3 at December 31, 2008 and, further, no facts came to our attention indicating that the Company was not in compliance with such conditions during the year ended December 31, 2008.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission 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 Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, 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.

A handwritten signature in cursive script, appearing to read "Schulz".

Chicago, Illinois
January 29, 2009