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

SEC FILE NUMBER  
 8-52933

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 01/01/05 AND ENDING 12/31/05  
 MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

STARLING CAPITAL, LLC

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

380 LEXINGTON AVENUE, 17th FLOOR

(No. and Street)

NEW YORK, N.Y. 10168

(City)

(State)

(Zip Code)

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

GEORGI A. MICHELE (212) 243-7802

(Area Code - Telephone Number)

OFFICIAL USE ONLY  
 FIRM I.D. NO.

**B. ACCOUNTANT IDENTIFICATION**

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

GREENE, ARNOLD G., CPA

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

866 UNITED NATIONS PLAZA, NEW YORK, N.Y. 10017

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED  
 MAY 04 2006  
 THOMSON  
 FINANCIAL

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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.

OATH OR AFFIRMATION

I, RALPH CARBALLAL, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of STARLING CAPITAL, LLC, 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:

*Ralph Carballal*  
Signature

CHAIRMAN  
Title

GEORGI A. MICHELE  
Notary Public, State of New York  
No. 01MI2689850  
Qualified in New York County  
Commission Expires 5/31/07

*Georgi A. Michele*  
Notary Public

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition. (CASH FLOWS)
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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

**STARLING CAPITAL, LLC**

**REPORT**

**FORM X-17A-5**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2005**

# STARLING CAPITAL, LLC

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DECEMBER 31, 2005

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**ARNOLD G. GREENE**  
CERTIFIED PUBLIC ACCOUNTANT  
866 UNITED NATIONS PLAZA  
NEW YORK, N.Y. 10017  
—  
(212) 751-6910  
FAX (212) 751-6911

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and  
Members of

**STARLING CAPITAL, LLC**

I have audited the accompanying statement of financial condition of Starling Capital, LLC as of December 31, 2005, and the related statements of income and expense, changes in members' capital, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial condition of Starling Capital, LLC as of December 31, 2005, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles, on a basis consistent with that of the preceding year.

Also, I have examined the supplementary schedules on pages 6 and 7 and, in my opinion, they present fairly the information included therein in conformity with the rules of the Securities and Exchange Commission.

February 23, 2006



**STARLING CAPITAL, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2005**

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ASSETS

**Current assets:**

Cash	\$ <u>10,641</u>
<b>Total assets</b>	<b>\$ <u>10,641</u></b>

LIABILITIES AND MEMBERS' CAPITAL

**Current liabilities:**

Accounts payable and accrued expenses	\$ <u>300</u>
<b>Total liabilities</b>	<b>300</b>

**Members' capital:**

Members' capital	\$ <u>10,341</u>
<b>Total Members' capital</b>	<b><u>10,341</u></b>

Total liabilities and members' capital	<b>\$ <u>10,641</u></b>
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See notes to financial statements.

**STARLING CAPITAL, LLC**  
**STATEMENT OF INCOME AND EXPENSE**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**Revenues:**

Private Placement Income	\$ 1,000
Reversal of over-accrued expenses	<u>3,500</u>
<b>Total revenue</b>	<b>4,500</b>

**Expenses:**

Registrations and assessments	\$ 1,430
Other expenses	<u>450</u>
<b>Total expenses</b>	<b><u>1,880</u></b>

Income before federal income tax	2,620
Less: Federal income tax	<u>-0-</u>
<b>Net income</b>	<b><u>\$ 2,620</u></b>

See notes to financial statements.

**STARLING CAPITAL, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**Resources provided:**

Net Income \$ 2,620

**Total resources provided** **2,620**

**Resources applied:**

Decrease in accrued expenses \$ 3,550

**Total resources applied** **3,550**

**Decrease** **(930)**

Cash - January 1, 2005 11,571

Cash - December 31, 2005 **\$10,641**

See notes to financial statements.

**STARLING CAPITAL, LLC**

**STATEMENT OF CHANGES IN MEMBERS' CAPITAL**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

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Members' capital, January 1, 2005	\$ 7,721
Add: Net income	<u>2,620</u>
Members' capital, December 31, 2005	<u>\$ 10,341</u>

**STATEMENT OF CHANGES IN LIABILITIES  
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

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Balance, January 1, 2004	\$ -0-
Increases and (decreases)	<u>-0-</u>
Balance, December 31, 2005	<u>\$ -0-</u>

See notes to financial statements.

# STARLING CAPITAL, LLC

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

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### 1. ORGANIZATION:

Starling Capital, LLC (the "Company"), a Delaware Limited Liability Company formed on January 22, 1999 for the purpose of engaging in the proprietary trading of securities. The Company is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and the National Association of Securities Dealers, Inc.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

#### Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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.

#### Revenue and Expense Recognition:

The Company prepares its financial statements on an accrual basis.

#### Income Taxes:

The Company is organized as a Limited Liability Company. They are taxed as a partnership and accordingly the net income of the LLC is not subject to a federal income tax, but rather it is passed through to the members, and tax is then incurred at the member level.

### 3. SUPPLEMENTARY INFORMATION:

Net capital as reported on page 8 of the audited Form X-17A-5 indicates net capital of \$10,341. In January 2006, The Company filed part IIA of Form X-17A-5 (unaudited) and reported the same net capital of \$10,341.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. RELATED PARTY:

Pursuant to an agreement between, The Company and R.J. Carballal, LLC, whose managing member is a member of the Company, the Company was provided with office space and other expenses at no cost to the Company.

**STARLING CAPITAL, LLC**

**COMPUTATION OF NET CAPITAL**

**DECEMBER 31, 2005**

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Members' capital		\$ 10,341
Less: non-allowable assets		<u>-0-</u>
Net capital before haircuts		10,341
Less: haircuts on securities		<u>-0-</u>
<b>Net capital</b>		<b>10,341</b>
Greater of:		
Minimum dollar net capital required	<u>\$5,000</u>	
or		
Minimum net capital required: (6.67% of aggregate indebtedness \$300)	<u>\$ 20</u>	<u>5,000</u>
<b>Excess net capital</b>		<b><u>\$ 5,341</u></b>

**AGGREGATE INDEBTEDNESS**

Accounts payable and accrued expenses, etc.		<u>\$ 300</u>
Percentage of aggregate indebtedness to net capital		<u>3%</u>

See notes to financial statements.

**STARLING CAPITAL, LLC**  
**RECONCILIATION OF NET CAPITAL WITH FOCUS REPORT**  
**DECEMBER 31, 2005**

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Net capital per company's unaudited X-17A-5, Part IIA Filing (Focus Report)	\$ 10,341
Audit Adjustments	<u>-0-</u>
Net capital per audited report, December 31, 2005	<u><b>\$ 10,341</b></u>

**ARNOLD G. GREENE**

CERTIFIED PUBLIC ACCOUNTANT

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NEW YORK, N.Y. 10017

(212) 751-6910

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**ACCOUNTANT'S REPORT ON INTERNAL ACCOUNTING CONTROL**

To the Board of Directors and Members' of

**STARLING CAPITAL, LLC**

I have examined the financial statements of Starling Capital, LLC for the year ended December 31, 2005 and have issued my report thereon dated February 23, 2006. As part of the examination, I made a study and evaluation of the system on internal accounting control to the extent I considered necessary to evaluate the system required by the generally accepted auditing standards and Rule 17A-5 of the Securities and Exchange Commission. This study and evaluation included the accounting system, the procedures of safeguarding securities, and the practices and procedures followed by the client (i) in making the periodic computations of aggregate indebtedness and net capital under Rule 17A-3 (a) (11), the broker is exempt from compliance with Rule 15c3-3, and was in compliance with the conditions of the exemption, and no facts came to my attention indicating that such conditions had not been complied with during the year (ii) the broker does not maintain customer accounts nor handle securities, and I have reviewed the broker's practices for safeguarding securities that may be received by the broker for transmittal to a clearing organization. Rule 17A-5 states that the scope of the study and evaluation should be sufficient to provide reasonable assurance that any material weakness existing at the date of my examination would be disclosed. Under generally accepted auditing standards and Rule 17A-5, the purpose of such study and evaluation are to establish a basis for reliance thereon in procedures necessary for expressing an opinion of the internal accounting control.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance concerning the safeguarding of assets against loss from unauthorized use or disposition and concerning the reliability of financial statements and maintaining accountability for assets. The concept of reasonable assurance recognized that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimated and judgments by management. However, for the purposes of this report under Rule 17A-5, the determination of weakness to be reported was made without considering the practicability of corrective action by management within the framework of a cost/benefit relationship.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends on segregation of duties can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates, projection or any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation of the system of internal accounting control for the year ended December 31, 2005 which was made for the purposes set forth in the first paragraph above and would not necessarily disclose all weaknesses in the system that may have existed during the period, disclosed no weaknesses that I believe to be material.

A handwritten signature in black ink, appearing to read "Arnold G. Greene". The signature is fluid and cursive, with the first name being particularly stylized.

February 23, 2006