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SECURITIES AND EXCHANGE COMMISSION
RECEIVED
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SECTION

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

A

SEC FILE NUMBER
8-52440

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: Prospero Capital, LLC
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
20 Marshall Street, Suite 300
Norwalk (City) CT (State) 06854 (Zip Code)
NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Daniel J. Donovan 203-354-1529
(Area Code - Telephone Number)

OFFICIAL USE ONLY
FIRM I.D. NO.

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Schwartz & Hofflich, LLP
(Name - if individual, state last, first, middle name)
37 North Avenue - 3rd Floor Norwalk CT 06851-3832
(Address) (City) (State) (Zip Code)

CHECK ONE:
 Certified Public Accountant
 Public Accountant
 Accountant not resident in United States or any of its possessions.

PROCESSED
JUL 10 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)

AB
7/8/06

OATH OR AFFIRMATION

I, Daniel J. Donovan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Prospero Capital, LLC, as of December 31, 20 05, 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

[Handwritten Signature]
Signature
Managing Member
Title

[Handwritten Signature: Joann M. Dombek]
Notary Public

JOANN M. DOMBEK
NOTARY PUBLIC
My Commission Expires April 30, 2010

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 15c3-1 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.
(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).

PROSPERO CAPITAL, LLC

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION

As of December 31, 2005

Net capital

Total member's equity	\$ 637,995
Deduct member's equity not allowable for net capital	<u>(631,907)</u>
Total member's equity qualified for net capital	6,088

Add:

Subordinated borrowings allowable in computation of net capital	0
Other deductions or allowable credits	<u>0</u>
Total capital and allowable subordinated borrowings	6,088

Deduction and/or charges:

Nonallowable assets: Prepaid expenses	<u>(525)</u>
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Net capital \$ 5,563

Aggregated indebtedness

Items included in statement of financial condition:

Accrued expenses, exclusive of payable related to non-allowable asset	\$ 2,841
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Items not included in statement of financial condition:

<u>0</u>

Total aggregated indebtedness \$ 2,841

Computation of basic net capital requirement

Minimum net capital required - 6-2/3% of aggregated indebtedness	\$ 190
Minimum net capital required: Company	5,000

Greater of the above 5,000

Excess net capital \$ 563

See independent auditor's report.