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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

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

SEC FILE NUMBER
8 - 47789

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 JANUARY 1, 2006 AND ENDING DECEMBER 31, 2006

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

OFFICIAL USE ONLY

MACK TRADING, LLC (formerly The Smalls MacKenzie Group, LLC)

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

c/o GETTENBERG CONSULTING - 40 WALL STREET - 34TH FLOOR

NEW YORK

NEW YORK

(City)

(State)

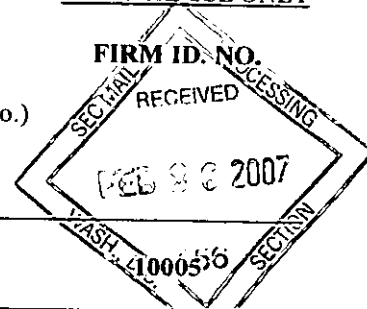
(Zip Code)

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

LANCE ZIMMERMAN

(212) 668 - 8700

(Area Code - Telephone No.)



B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

LERNER & SIPKIN, CPAs, LLP

132 Nassau Street, Suite 1023

New York

NY

10038

X Certified Public Accountant

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).

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.

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, **STEPHEN G. MacKENZIE**, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statement and supporting schedules pertaining to the firm of **MACK TRADING, LLC (formerly The Smalls-MacKenzie Group, LLC), as of DECEMBER 31, 2006**, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, member, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NONE

X 
Signature

CEO
Title

X 
Notary Public

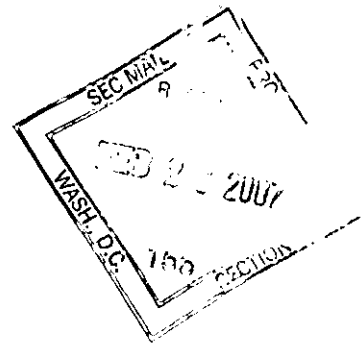
CHRISTINE COOPER
Notary Public, State Of New York
No.01CO6085064
Qualified In Queens County
Commission Expires Dec.23, 20 06

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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.
- (o) Independent Auditors' Report.

CHRISTINE COOPER
Notary Public, State Of New York
No.01CO6085064
Qualified In Queens County
Commission Expires Dec.23, 20 10

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



**MACK TRADING, LLC
(FORMERLY THE SMALLS MACKENZIE GROUP, LLC)
STATEMENT OF FINANCIAL CONDITION**

DECEMBER 31, 2006

NAME OF ORGANIZATION: MACK TRADING, LLC
(formerly *The Smalls-MacKenzie Group, LLC*)

ADDRESS: c/o Gettenberg Consulting, 40 Wall Street - 34th Floor, New York, NY 10005

DATE: DECEMBER 31, 2006


NEW YORK STOCK EXCHANGE, INC.
20 BROAD STREET - 23rd Floor
NEW YORK, N.Y. 10005


Att: Member Firms Department

Gentlemen:

WE, THE UNDERSIGNED members or allied members of *MACK TRADING, LLC*, caused an audit to be made in accordance with the prescribed regulations and have arranged for the prescribed financial report based upon such audit.


We hereby certify that, to the best of our knowledge and belief, the accompanying financial report prepared as of **DECEMBER 31, 2006** represents a true and correct financial statement of our organization and that the report will promptly be made available to those members and allied members whose signatures do not appear below.





I, **STEPHEN G. MacKENZIE**, swear that to the best of my knowledge and belief, the accompanying financial statements and supporting schedule(s) pertaining to the Firm of **MACK TRADING, LLC (formerly The Smalls-MacKenzie Group, LLC)**, as of **DECEMBER 31, 2006**, are true and correct. I further swear that neither the Company nor any partner, proprietor, principal officer, director or member has any proprietary interest in any account classified solely as that of customer, except as follows:

No Exceptions


(Signature)

CEO
(Title)


(Notary Public)

CHRISTINE COOPER
Notary Public, State Of New York
No.01CO6085064
Qualified In Queens County
Commission Expires Dec.23, 2006

CHRISTINE COOPER
Notary Public, State Of New York
No.01CO6085064
Qualified In Queens County
Commission Expires Dec.23, 2010

MACK TRADING, LLC
(FORMERLY THE SMALLS MACKENZIE GROUP, LLC.)
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2006

ASSETS

Cash and cash equivalents	\$ 58,912
Due from broker	18,996
Commissions receivable	199,263
Other assets	<u>10,013</u>
Total assets	<u>\$ 287,184</u>

LIABILITIES AND CAPITAL

Liabilities

Accounts payable and accrued expenses	\$ 49,963
Related party payable (Note 3)	<u>14,187</u>
Total liabilities	<u>64,150</u>

Commitments and Contingencies (Notes 3 and 4)

Capital (Note 5)	<u>223,034</u>
Total liabilities and capital	<u>\$ 287,184</u>

The accompanying notes are an integral part of this statement.

MACK TRADING, LLC
(FORMERLY THE SMALLS MACKENZIE GROUP, LLC)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

Note 1- Nature of Business

Mack Trading, LLC (Formerly The Smalls Mackenzie Group, LLC), a Limited Liability Company ("The Company") is a New York State company formed for the purpose of conducting business as a broker on the floor of the New York Stock Exchange. The Company is registered as a broker-dealer with the Securities and Exchange Commission ("SEC").

Note 2- Summary of Significant Accounting Policies

a) Revenue Recognition

Securities transactions (and the recognition of related income and expenses) are recorded on a trade date basis. Commission income and related expense are recorded on a settlement date basis. There is no material difference between settlement date and trade date.

b) Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Company considers demand deposited money market funds to be cash and cash equivalents. The Company maintains cash in bank accounts which, at times, may exceed federally insured limits or where no insurance is provided. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

c) Equipment

Equipment is carried at cost and is depreciated over a useful life of 5-7 years using the straight-line method.

d) Income Taxes

Income taxes are not payable by, or provided for, the Company. Members are taxed individually on their share of Company earnings for federal and state income tax purposes. The accompanying financial statements have been adjusted to provide for unincorporated business tax based upon Company income, if applicable.

e) Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses.

Note 3- Related Party Transactions

Starting October 1, 2006, the Company shares office space with an entity which at December 31, 2006, is 100% owned by members owning 66% of the Company. The Company is charged \$3,152 a month for rent and reimburses this entity for its share of office and other expenses incurred. The total expenses incurred to this entity totaled \$66,568, for the period ended December 31, 2006. The related party payable at December 31, 2006 is \$14,187. The rental agreement is on a month to month basis.

MACK TRADING, LLC
(FORMERLY THE SMALLS MACKENZIE GROUP, LLC)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

Note 4- Financial Instruments with Off-Balance Sheet Credit Risk

As a securities broker, the Company is engaged in buying and selling securities for a diverse group of institutional and individual investors. The Company's transactions are collateralized and are executed with and on behalf of banks, brokers and dealers and other financial institutions. The Company introduces these transactions for clearance to another broker/dealer on a fully disclosed basis.

The Company's exposure to credit risk associated with non-performance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair customers' ability to satisfy their obligations to the Company and the Company's ability to liquidate the collateral at an amount equal to the original contracted amount. The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to such non-performance by its customers. The Company seeks to control the aforementioned risks by requiring customers to maintain margin collateral in compliance with various regulatory requirements and the clearing brokers internal guidelines. The Company monitors its customers activity by reviewing information it receives from its clearing broker on a daily basis, and requiring customers to deposit additional collateral, or reduce positions when necessary.

Note 5- Net Capital Requirement

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (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 1500%. At December 31, 2006, the Company had net capital of \$171,740, which was \$166,740 in excess of its required net capital of \$5,000. The Company's net capital ratio was 37.35%.

A copy of the Firm's Statement of Financial Condition as of December 31, 2006, pursuant to SEC Rule 17a-5, is available for examination at the Firm's office and at the regional office of the SEC.



LERNER & SIPKIN

CERTIFIED PUBLIC ACCOUNTANTS LLP

132 Nassau Street, New York, NY 10038 Tel 212.571.0064 / Fax 212.571.0074

E-mail: LS@lernerpsipkin.com

INDEPENDENT AUDITORS' REPORT

To the Members of
Mack Trading, LLC (Formerly The Smalls Mackenzie Group, LLC)
c/o Gettenberg Consulting
40 Wall Street, 34th Floor
New York, N.Y. 10005

Gentlemen:

We have audited the accompanying statement of financial condition of Mack Trading, LLC (Formerly The Smalls Mackenzie Group, LLC) as of December 31, 2006. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Mack Trading, LLC (Formerly The Smalls Mackenzie Group, LLC), as of December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

Lerner & Sipkin CPAs LLP
Lerner & Sipkin CPAs LLP
Certified Public Accountants (NY)

New York, NY
February 15, 2007

END