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OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden	
hours per response.....	12.00

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

PROCESSED
 FEB 28 2007
 WASH. D.C. 20543

SEC FILE NUMBER
8-39058

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 01/01/06 AND ENDING 12/31/06
 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: American Skandia Marketing, Incorporated OFFICIAL USE ONLY

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

One Corporate Drive
 (No. and Street)

Shelton CT 06484
 (City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Bernard Russo 973-367-3086
 (Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

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

300 Madison Avenue New York NY 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

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FOR OFFICIAL USE ONLY

*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, Bernard Russo, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of American Skandia Marketing, Incorporated, as of December 31, 20 06, 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:

LILLIAN GRIGOLI
NOTARY PUBLIC OF NEW JERSEY,
Commission Expires 7/29/2007

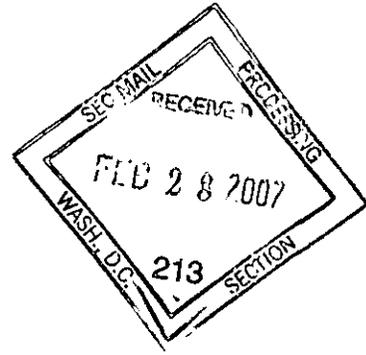
Lillian Grigoli
Notary Public

Bernard Russo
Signature
Chief Financial Officer
Title

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).



American Skandia Marketing, Incorporated

Statement of Financial Condition
As of December 31, 2006

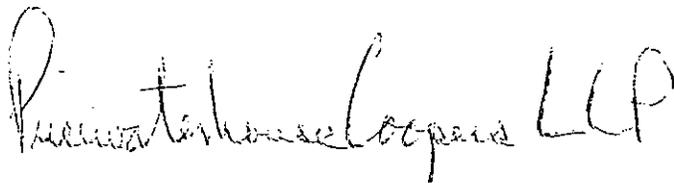
SEC. I.D. No. 8-39058
This report is deemed PUBLIC in accordance with
Rule 17a-5(e)(3) under the Securities Exchange Act of 1934.

Report of Independent Auditors

To the Board of Directors
and Stockholder of
American Skandia Marketing, Incorporated:

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of American Skandia Marketing, Incorporated (the "Company") at December 31, 2006, in conformity with accounting principles generally accepted in the United States of America. 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 of this statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Company is a member of a group of affiliated companies and, as disclosed in Note 4 to the statement of financial condition, has extensive transactions and relationships with members of the group. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.



February 23, 2007

American Skandia Marketing, Incorporated
Statement of Financial Condition
December 31, 2006
(Dollars in Thousands)

Assets

Cash and cash equivalents	\$ 9,197
Securities owned, at market value	3
Accounts receivable	580
Due from affiliates	36
Prepaid commissions	7,540
Prepaid expenses	<u>144</u>
Total Assets	<u><u>\$ 17,500</u></u>

Liabilities and Stockholder's Equity

Liabilities:	
Due to affiliates	\$ 8,379
Accounts payable, accrued expenses and other liabilities	215
Income taxes payable	<u>438</u>
Total Liabilities	<u>9,032</u>
 Commitments and contingent liabilities (Note 5)	
 Stockholder's Equity	 <u>8,468</u>
Total Liabilities and Stockholder's Equity	 <u><u>\$ 17,500</u></u>

See notes to statement of financial condition.

American Skandia Marketing, Incorporated
Notes to Statement of Financial Condition
December 31, 2006
(Dollars in Thousands)

1. Organization and Nature of Business

American Skandia Marketing, Incorporated (the "Company"), with its principal offices in Shelton, Connecticut, is an indirect wholly-owned subsidiary of Prudential Financial, Inc. ("Prudential"), a New Jersey corporation. The Company is a wholly-owned subsidiary of American Skandia, Inc., which in turn is an indirect wholly-owned subsidiary of Prudential. The Company is a registered broker-dealer subject to the rules and regulations of the Securities and Exchange Commission ("SEC") and is a member of the National Association of Securities Dealers, Inc. ("NASD").

The Company is the principal underwriter and broker-dealer for SEC registered life and annuity products issued by an affiliated company, American Skandia Life Assurance Corporation ("ASLAC"). In addition, the Company and Prudential Investment Management Services, LLC ("PIMS"), an affiliate, are co-distributors and underwriters of the Strategic Partners Mutual Funds, Inc. ("SPMF") Funds. As per the terms set forth in the underwriting and distribution agreement, the SPMF Funds are required to pay to the Company the portion of the distribution and shareholder servicing fees attributable to Class M (formerly Class B) shares and Class X shares, which is used to offset associated distribution and service fee expense.

Effective June 1, 2006, the Company entered into a wholesaling and marketing support agreement with Allstate Life Insurance Company, Allstate Life Insurance Company of New York and Allstate Distributors, LLC (the "underwriter"). Under the terms of the agreement, the underwriter shall pay the Company, as the wholesaler for servicing contracts, a marketing allowance of 125 basis points of all premium paid under variable contracts issued to customers.

As more fully described in note 4, the Company has arrangements with ASLAC relating to the receipt of commission revenue and management and administrative fee income. In addition, the Company has various agreements with Prudential companies relating to reimbursement of expenses, including services of officers, the use of telecommunications, office space, travel, wholesaler compensation, systems and equipment. The accompanying statement of financial condition may not be indicative of the financial position of the Company if the Company had been operated as an unaffiliated entity.

2. Summary of Significant Accounting Policies

The preparation of the statement of financial condition 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 statement of financial condition. Actual results could differ from those estimates.

The Company's cash and cash equivalents consists of funds on deposit in a corporate account at a commercial bank, and shares of a money market mutual fund sponsored by a Prudential company. Money market mutual funds are stated at cost, which approximates market value.

American Skandia Marketing, Incorporated
Notes to Statement of Financial Condition
December 31, 2006
(Dollars in Thousands)

3. Income Taxes

The Company is a member of an affiliated group of companies that join in filing a consolidated federal income tax return. In addition, the Company and certain affiliates join in the filing of a consolidated state income tax return.

Pursuant to the Prudential tax allocation arrangement, total federal and state income tax expense or benefit is determined on a separate company basis. Members with losses record current tax benefits to the extent such losses are recognized in the consolidated federal tax provision. Deferred taxes are generally recognized when assets and liabilities have different values for financial statement and tax reporting purposes.

The Company has deferred tax liabilities of \$1 related to unrealized gains on investments at December 31, 2006.

The Internal Revenue Service (the "Service") has completed all fieldwork with regards to its examination of the consolidated federal income tax returns for tax years 2002-2003. Prudential and the Service have agreed on all proposed adjustments. Prudential anticipates the final report being submitted to the Joint Committee on Taxation for their review during the first quarter of 2007. Management believes the close of the 2002 and 2003 examination does not result in material financial adjustment for the Company. In addition, the Service began an examination of tax years 2004 through 2006 in January 2007.

For tax year 2007, Prudential has chosen to participate in the Service's new Compliance Assurance Program (the "CAP"). Under CAP, the Service assigns an examination team to review completed transactions contemporaneously during the 2007 tax year in order to reach agreement with Prudential on how they should be reported in the tax return. If disagreements arise, accelerated resolutions programs are available to resolve the disagreements in a timely manner before the tax return is filed. It is management's expectation this new program will significantly shorten the time period between when Prudential files its federal income tax return and the Service completes its examination of the return.

In July 2006, the FASB issued FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes" an interpretation of FASB Statement No. 109. This Interpretation prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its statement of financial condition uncertain tax positions that a company has taken or expects to take on a tax return. This Interpretation is effective for fiscal years beginning after December 15, 2006. Prudential adopted FIN No. 48 on January 1, 2007, and it did not have a material effect on the Company's financial position.

4. Related Party Transactions

The Company has arrangements with ASLAC whereby the Company earns commission income from the sale of variable life insurance and variable annuity contracts issued by ASLAC. The Company is the principal underwriter on these contracts and earns compensation in accordance with its underwriting agreement with ASLAC, whereby the Company earns commissions for acting as principal underwriter, and the Company incurs commission expense to broker-dealer organizations. ASLAC, as paying agent, makes all cash payments on behalf of the Company.

American Skandia Marketing, Incorporated
Notes to Statement of Financial Condition
December 31, 2006
(Dollars in Thousands)

The Company has an arrangement with ASLAC whereby the Company earns management and administrative fee income from ASLAC as compensation for services performed.

The Company receives various services from Prudential companies which include services of officers, the use of telecommunications, office space, travel, wholesaler compensation, systems and equipment. The costs of these services are charged to the Company pursuant to service agreements with Prudential companies.

At December 31, 2006, the due to affiliates balances reported in the Statement of Financial Condition are primarily a result of the activities described above.

Cash and cash equivalents of \$9,197 represents 9,197,105 shares of a Prudential money market mutual fund distributed by PIMS.

5. Commitments and Contingent Liabilities

The Company is subject to legal and regulatory actions in the ordinary course of its business. Management of the Company, after consultation with its legal counsel, believes that the ultimate resolution of any pending litigation and regulatory matters should not have any material adverse effect on the Company's financial position.

It should be noted that the judgments, settlements and expenses associated with any pending litigation and regulatory matters may, after satisfaction of certain retention requirements, fall within the indemnification obligations of Skandia Insurance Company Ltd. ("SICL") to Prudential and its subsidiaries under the terms of the stock purchase agreement whereby Prudential acquired the Company and certain of its affiliates. Those obligations of SICL provide for indemnification of certain judgments, settlements, and costs and expenses associated with lawsuits and other claims against the Company ("matters"), and apply only to matters, or groups of related matters, for which the costs and expenses exceed \$25 individually.

6. Net Capital Requirements

The Company is subject to the Uniform Net Capital Rule (Rule 15c3-1), pursuant to the Securities Exchange Act of 1934, 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. At December 31, 2006, the Company had net capital of \$6,540, which was \$5,938 in excess of its required net capital of \$602. The Company's ratio of aggregate indebtedness to net capital was 1.38 to 1.

The Company is exempt from Rule 15c3-3 since it does not hold customer funds nor safekeep customer securities.