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

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

OMB APPROVAL  
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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: BROADMARK CAPITAL, LLC

OFFICIAL USE ONLY  
FIRM I.D.NO.

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

600 UNIVERSITY ST, STE 2800

SEATTLE WA 98101  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
JOSEPH L. SCHOCKEN (206) 623-1200  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

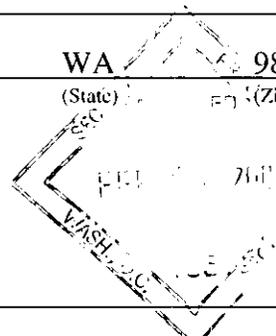
INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
PETERSON SULLIVAN, PLLC

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

601 UNION ST, STE 2300 SEATTLE WA 98101  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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



**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 240.17 a-5(e)(2)

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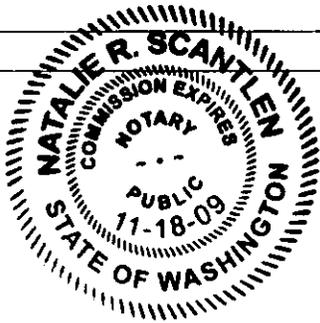
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**OATH OR AFFIRMATION**

I, JOSEPH L. SCHOCKEN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BROADMARK CAPITAL, LLC, as of DECEMBER 31, 2006, 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:



*[Handwritten Signature]*  
Signature

PRESIDENT  
Title

*Natalie R. Scantlen*  
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. (NOT APPLICABLE)
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3. (NOT APPLICABLE)
- (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. (NOT APPLICABLE)
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report. (NOT APPLICABLE)
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit. (NOT APPLICABLE)

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

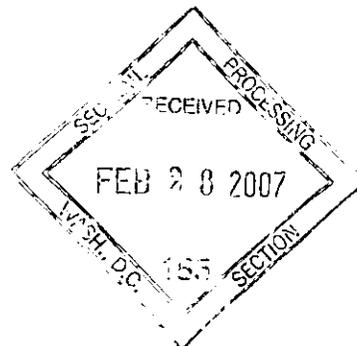
X (O) INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5 FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3.

\* RESERVE REQUIREMENT IS NOT APPLICABLE

**BROADMARK CAPITAL, LLC**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2006



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CERTIFIED PUBLIC ACCOUNTANTS

601 UNION STREET, SUITE 2300

SEATTLE, WASHINGTON 98101

**INDEPENDENT AUDITORS' REPORT**

To the Member  
Broadmark Capital, LLC  
Seattle, Washington

We have audited the accompanying statement of financial condition of Broadmark Capital, LLC as of December 31, 2006, and the related statements of income, 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. 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 Broadmark Capital, LLC as of December 31, 2006, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in Schedules I, II and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of 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.

*Peterson Sullivan PLLC*

February 2, 2007

**BROADMARK CAPITAL, LLC**

**STATEMENT OF FINANCIAL CONDITION**

December 31, 2006

**ASSETS**

Cash	\$	661,451
Accounts receivable, net of doubtful accounts of \$18,075		1,727
Due from related parties		93,885
Prepaid expenses		14,452
Property and equipment, at cost, net of accumulated depreciation of \$39,948		14,230
Deposits		560
		<hr/>
	\$	786,305
		<hr/> <hr/>

**LIABILITIES AND MEMBER'S EQUITY**

Liabilities		
Accounts payable	\$	23,843
Subordinated notes payable to related parties		81,600
		<hr/>
Total liabilities		105,443
Member's equity		680,862
		<hr/>
	\$	786,305
		<hr/> <hr/>

See Notes to Financial Statements

# BROADMARK CAPITAL, LLC

## STATEMENT OF INCOME

For the Year Ended December 31, 2006

Revenues	
Fee income	\$ 1,685,123
Interest Income	7,536
Other	7,580
	<hr/>
	1,700,239
Expenses	
Wages	313,503
Rent	108,228
Professional fees	73,664
Payroll taxes and benefits	49,141
Travel and entertainment	35,319
Local taxes	29,924
Office expense	23,098
Bad debt	20,984
Regulatory and trading fees	18,214
Auto expense	18,124
Telephone	15,009
Repair and maintenance	12,274
Advertising	10,000
Interest	8,118
Depreciation	8,045
Loss on sale of assets	3,450
Dues and subscription	2,718
Insurance	2,156
Education	1,574
Other	2,839
	<hr/>
	756,382
	<hr/>
<b>Net Income</b>	<b>\$ 943,857</b>

See Notes to Financial Statements

**BROADMARK CAPITAL, LLC**

**STATEMENT OF CHANGES IN MEMBER'S EQUITY**

For the Year Ended December 31, 2006

Balance, December 31, 2005	\$ 57,305
Net income	943,857
Contributions by member-owner, cash	30,000
Distribution to member-owner in the form of warrants (at estimated fair value)	(300)
Cash distributions	<u>(350,000)</u>
Balance, December 31, 2006	<u>\$ 680,862</u>

See Notes to Financial Statements

**BROADMARK CAPITAL, LLC**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2006

Cash Flows from Operating Activities	
Net income	\$ 943,857
Adjustments to reconcile net income to net cash flows from operating activities	
Depreciation	8,045
Warrants received for fee income	(300)
Loss on disposal of assets	3,450
Change in operating assets and liabilities	
Accounts receivable	51,111
Due to/from related parties	(94,008)
Prepaid expenses and deposits	10,392
Accounts payable	<u>(10,438)</u>
Net cash flows from operating activities	912,109
Cash Flows from Investing Activity	
Purchase of fixed assets	(1,671)
Cash Flows from Financing Activities	
Member capital contributions	30,000
Distributions to members	<u>(350,000)</u>
Net cash flows from financing activities	<u>(320,000)</u>
<b>Increase in Cash</b>	<b>590,438</b>
Cash, beginning of year	<u>71,013</u>
Cash, end of year	<u><u>\$ 661,451</u></u>

See Notes to Financial Statements

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Organization and Significant Accounting Policies

#### Organization

Broadmark Capital, LLC ("the Company") is a securities broker and dealer as approved by the Securities and Exchange Commission ("SEC") and the National Association of Securities Dealers, Inc. The Company has an office in Seattle, Washington. It had an office in New York, New York, but this office was closed in June 2006.

The Company is a limited liability company (or "LLC"), and as an LLC, the liability to the owner is generally limited to amounts invested into it. The Company has a single member-owner called Broadmark Holdings, LLC. Broadmark Holdings, LLC has a single member-owner called Tranceka, LLC ("Tranceka").

The Company's fee income is earned by locating investors for companies and performing other business advisory services. Approximately 83% of fee income was earned from three companies in 2006.

Fees associated with locating investors for companies are recognized when the services are completed. Fees associated with business advisory services are recognized on a straight-line basis over the term of the services.

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Actual results could differ from the estimates that were used.

#### Cash

Cash includes cash in banks. On occasion, the Company has deposits in excess of federally insured limits.

#### Accounts Receivable

Accounts receivable represent advances of expenses to current and potential customers. The Company uses the allowance method to recognize accounts receivable that may not be collectible. Management regularly reviews all accounts and determines which are past due (terms vary) and may not be collectible. Any amounts that are written off are charged against the allowance.

### **Property and Equipment**

Depreciation of property and equipment is recognized on the straight-line basis over the estimated lives of the assets ranging from three to seven years.

### **Income Taxes**

As an LLC, the Company is not taxed at the reporting level. Instead, its items of income, loss, deduction, and credit are passed through to its member-owner.

### **Advertising**

Advertising is expensed as incurred.

### **Note 2. Related Party Transactions**

The Company pays various office expenses each month on behalf of a company which is owned, in part, by Tranceka. The Company is reimbursed every month for these expenses. The total expenses reimbursed by this company were \$26,746 in 2006.

The Company has a receivable for approximately \$82,000 from a customer. This amount is also included in fee income. The Company's president is on this company's board of directors. In addition, the Company has miscellaneous other receivables from related parties amounting to \$11,885. Accordingly, total related party receivables are \$93,885.

### **Note 3. Subordinated Notes Payable to Related Parties**

The subordinated notes payable are due to an officer of the Company (\$15,000) and the Company's member-owner (\$66,600). The notes are unsecured, bear interest at 10%, and are due on April 30, 2008. Interest expense incurred (and paid) on these notes in 2006 was \$8,118.

### **Note 4. Operating Lease**

The Company leases one office under a noncancelable operating lease. The following is a schedule of future minimum rental payments required under the lease for the years ending December 31:

2007	\$	93,612
2008		93,612
2009		70,209
		<hr/>
	\$	<u>257,433</u>

**Note 5. Net Capital Requirements**

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1). Accordingly, the Company is required to maintain a minimum level of net capital (as defined) of 6 2/3% of total aggregate indebtedness or \$5,000, whichever is greater. At December 31, 2006, the required minimum net capital was \$5,000. The Company had computed net capital of \$624,554 at December 31, 2006, which was in excess of the required net capital level by \$619,554. In addition, the Company is not allowed to have a ratio of aggregate indebtedness to net capital (as defined) in excess of 15 to 1. At December 31, 2006, the Company's ratio of aggregate indebtedness to net capital was .04 to 1.

**Note 6. Subsequent Event**

On January 24, 2007, the Company's member-owner withdrew \$235,000 from the Company.

S U P P L E M E N T A R Y   I N F O R M A T I O N

## BROADMARK CAPITAL, LLC

### SCHEDULE I – COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1

December 31, 2006

#### COMPUTATION OF NET CAPITAL

Member's equity		\$	680,862
Liabilities subordinated to claims of general creditors			81,600
Deductions			
Petty cash	\$	200	
Unsecured receivables from noncustomers		95,612	
Prepaid expenses		14,452	
Property and equipment		14,230	
Deposits and other		560	(125,054)
Haircuts on security positions money market accounts			<u>(12,854)</u>
Net capital			624,554
Minimum net capital			<u>5,000</u>
Excess net capital		\$	<u><u>619,554</u></u>

#### COMPUTATION OF AGGREGATE INDEBTEDNESS

Accounts payable	\$	<u>23,843</u>
Total aggregate indebtedness	\$	<u><u>23,843</u></u>

#### COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required (6 2/3% of total aggregate indebtedness or \$5,000, whichever is greater)	\$	<u><u>5,000</u></u>
Percentage of aggregate indebtedness to net capital		4%
Ratio of aggregate indebtedness to net capital		0.04 to 1

**BROADMARK CAPITAL, LLC**

**SCHEDULE II – RECONCILIATION BETWEEN  
THE COMPUTATION OF NET CAPITAL PER THE BROKER'S UNAUDITED FOCUS  
REPORT, PART IIA, AND THE AUDITED COMPUTATION OF NET CAPITAL**

December 31, 2006

Net capital per the broker's unaudited Focus Report, Part IIA	\$ 637,408
Adjustment to deduct haircut on money market account	<u>(12,854)</u>
Net capital as audited	<u><u>\$ 624,554</u></u>

**BROADMARK CAPITAL, LLC**

**SCHEDULE III – STATEMENT OF CHANGES IN LIABILITIES  
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS**

For the Year Ended December 31, 2006

Balance, December 31, 2005	\$ 81,600
Loans/Repayments	<u>-</u>
Balance, December 31, 2006	<u><u>\$ 81,600</u></u>



CERTIFIED PUBLIC ACCOUNTANTS  
601 UNION STREET, SUITE 2300  
SEATTLE, WASHINGTON 98101

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
REQUIRED BY SEC RULE 17a-5 FOR A BROKER-DEALER  
CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3**

To the Member  
Broadmark Capital, LLC  
Seattle, Washington

In planning and performing our audit of the financial statements and supplemental schedules of Broadmark Capital, LLC (the Company) for the year ended December 31, 2006, we considered its internal control, including internal 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 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 Broadmark Capital, LLC including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because Broadmark Capital, LLC does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by Broadmark Capital, LLC in any of the following:

1. Making quarterly securities examinations, counts, verifications, comparisons and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customer as required by Rule 15c3-3

The management of Broadmark Capital, LLC is responsible for establishing and maintaining 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 controls 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 Securities and Exchange Commission's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute assurance that assets for which Broadmark Capital, LLC 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 accordance with accounting principles generally accepted in the United States. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projections 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.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a significant deficiency (which is a control deficiency, or a combination of control deficiencies, that adversely affect 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), or a 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. However, we noted no matters involving internal control, including control activities for safeguarding securities, which we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Securities and Exchange 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 Broadmark Capital, LLC's practices and procedures were adequate at December 31, 2006, to meet the Securities and Exchange Commission's objectives.

This report is intended solely for the use of the Broadmark Capital, LLC management, the Securities and Exchange Commission, 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 should not be used by anyone other than these specific parties.

*Peterson Sallie PLLC*  
February 2, 2007

*END*