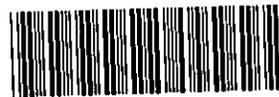


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**ANNUAL AUDITED REPORT
 FORM X-17A-5
 PART III**

SEC FILE NUMBER	
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**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:

Pursuit Partners, LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

Stamford Harbor Park, North Tower, 4th Floor, 333 Ludlow Street
(No. and Street)

Stamford CT 06902
(City) (State) (Zip Code)

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

Anthony P. Schepis (203) 961-0023
(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Rothstein, Kass & Company, P.C.

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

4 Becker Farm Road Roseland New Jersey 07068
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED

MAR 15 2007

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).

SEC 1410 (06-02)

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PURSUIT PARTNERS, LLC

DECEMBER 31, 2006

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Certified
Public
Accountants

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Roseland, NJ 07068
tel 973.994.6666
fax 973.994.0337
www.rkco.com

Beverly Hills
Dallas
Denver
Grand Cayman
New York
Roseland
San Francisco
Walnut Creek

Rothstein Kass

INDEPENDENT AUDITORS' REPORT

To the Members of
Pursuit Partners, LLC

We have audited the accompanying statement of financial condition of Pursuit Partners, LLC (the "Company") as of December 31, 2006. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Pursuit Partners, LLC as of December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

Rothstein, Kass & Company, P.C.

Roseland, New Jersey
February 13, 2007

PURSUIT PARTNERS, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2006

ASSETS

Cash and cash equivalents	\$ 2,579,380
Clearing deposit	105,794
Receivable from clearing broker	382,375
Property and equipment, net	543,118
Other assets	<u>246,077</u>
 Total assets	 <u>\$ 3,856,744</u>

LIABILITIES AND MEMBERS' EQUITY

Accounts payable	\$ 48,627
Accrued expenses	1,641,622
Deferred rent liability	<u>155,220</u>
 Total liabilities	 1,845,469
 Members' equity	 <u>2,011,275</u>
 Total liabilities and members' equity	 <u>\$ 3,856,744</u>

See notes to financial statements.

PURSUIT PARTNERS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

1. Organization and Summary of Significant Accounting Policies

Organization

Pursuit Partners, LLC (the "Company") was established as a limited liability company in Delaware on February 7, 2001. The Company is an introducing securities broker dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the National Association of Securities Dealers, Inc. ("NASD"). The Company trades primarily distressed asset backed securities. The Company does not carry security accounts for customers or perform custodial functions; these services are performed by another broker dealer on a fully disclosed basis. The principal business office is in Stamford, CT.

Basis of Presentation and Use of Estimates

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

Cash and Cash Equivalents

Cash equivalents include money market funds readily convertible to cash. The Company maintains its cash balances in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000 per institution.

Revenue Recognition

Securities transactions and the related revenues and expenses are recorded on the trade-date basis. Receivables or payables arising from securities transaction that have not reached their contractual settlement date are recorded on the Statement of Financial Condition.

Advisory income consists of general investment advisory services which are recognized in the period when services are provided.

PURSUIT PARTNERS, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2006

1. Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes

The Company is classified as a partnership for tax purposes; therefore, no provision for federal, state and local income taxes has been made in the accompanying financial statements. The individual members are responsible for their proportionate share of the Company's taxable income.

2. Related Party Transactions

The members of the Company are the principals of Pursuit Investment Management, LLC, a SEC registered investment advisor (the "Investment Manager"), and Pursuit Capital Management, LLC the general partner of a Delaware LLP (the "General Partner"). The Investment Manager and the General Partner utilize the research, financial models and other resources of the Company in selecting, purchasing and selling securities. The Company charges its customary commissions and other charges for purchasing and selling securities on their behalf and accordingly, the members of the Company will benefit financially from these trades. The Master Fund and related feeder funds were one of the counterparties in virtually all of the trades executed during the year.

In addition, in 2006 the Company provided advisory services to the Master Fund managed by the Investment Manager. Such services totaled \$170,000.

PURSUIT PARTNERS, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2006

3. Property and Equipment

Property and equipment are stated at acquisition cost and depreciated using the straight line method over the estimated useful lives of the assets, as shown below.

<u>Asset</u>	<u>Useful Life</u>	<u>December 31, 2006</u>
Computer Equipment	3 years	\$ 151,993
Furniture	3 years	78,673
Other office equipment	3 years	98,510
Leasehold improvements	Term of lease	157,374
Construction in progress		183,251
Less: Accumulated depreciation and amortization		<u>(126,683)</u>
		<u>\$ 543,118</u>

Fully depreciated assets are carried on the books until the date of disposal. Costs for normal repairs and maintenance are expensed to operations as incurred, while major refurbishments are capitalized. Construction in progress consists of leasehold improvements that have not been completed as of December 31, 2006. Certain office and computer equipment were disposed during the year ended December 31, 2006 resulting in a loss of \$8,450.

PURSUIT PARTNERS, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2006

4. Commitments and Contingencies

Lease Commitment

The Company leases its facility under a non-cancelable operating lease. The facility lease provides that the Company pay its pro rata share of the operating expenses. In November 2006, an amendment to the office lease became effective and provided for the rental of additional space as well as an extension of the original lease term until January 2012. The facility lease can be extended for one additional five-year period under certain conditions, as defined in the agreement. An additional security deposit was paid to the landlord resulting in a deposit of \$104,543. The original lease, as well as the amendment provide for free-rent periods and leasehold improvement allowances which have been straight-lined over the lease term and created a deferred liability at December 31, 2006. The rent expense was \$80,607 for year ending December 31, 2006.

The future annual rental commitment is as follows:

Year	Rental Commitment
2007	\$150,494
2008	156,681
2009	156,681
2010	156,681
2011	156,681

Clearing Deposit

The Company's clearing agreement requires that the Company maintain a minimum of \$100,000 in cash or marketable securities in a proprietary account at the clearing organization. The balance on deposit at December 31, 2006 was \$105,794.

PURSUIT PARTNERS, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2006

4. Commitments and Contingencies (Continued)

Concentrations of Credit Risks

Credit risk arises from the potential that a counterparty to a transaction or an issuer of securities fails to perform under its contractual obligation, which could result in the Company incurring a loss. The Company seeks to mitigate credit risk by monitoring counterparty credit exposures and collateral values on a daily basis and engaging in business with diverse institutional counterparties. The credit approval process includes reviewing the financial health of the counterparties.

In accordance with the clearance agreements, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing brokers may sustain from carrying securities transactions introduced by the Company.

5. Simplified Employee Pension Plan

The Company has a simplified employee pension plan (the "Plan") whereby each employee who has completed 3 years of service and is 21 years of age is eligible to participate. The Company will determine each year the amount to be contributed to the Plan. The employer contribution will be allocated to the IRA of each participant in the same proportion as the participant's compensation to the total compensation of all participants in the Plan. The employer contribution made on behalf of any participant shall not exceed the lesser of 25 percent of compensation or \$44,000, as adjusted under Code section 415(d). For the year the ended 2006, the Company made a contribution of \$88,000.

6. Members' Equity

The Company has Class A and Class B membership interests. The Class A units have 1 vote per unit and the Class B units are non-voting. The founding members of the Company are 100 percent vested. All Class A and B units issued after December 31, 2005 to members, employees, consultants, or other service providers are subject to vesting provisions. Units vest 25 percent at the end of each year following issuance. Upon the termination of employment of an employee or a member, with or without cause, the unvested portion of the units is null and void and is reabsorbed by the Company. Any vested units can be repurchased at book value by any employee or member.

PURSUIT PARTNERS, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2006

7. Net Capital Requirements

The Company is a member of the National Association of Securities Dealers, Inc., and is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1. This Rule requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that the equity capital may not be withdrawn if the resulting net capital ratio would exceed 10 to 1. At December 31, 2006 the Company's net capital was approximately \$1,222,080, which was approximately \$1,099,049 in excess of its minimum requirement of \$123,031.

8. Exemption from Rule 15c3-3

The Company is exempt from the Securities and Exchange Commission Rule 15c3-3 and therefore is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers."

END