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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  
8-66893

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 ENDING December 31, 2006

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

Coleman Brokerage Group LLC

OFFICIAL USE ONLY  
FIRM ID. NO.

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

989 Sixth Avenue

(No. and Street)

New York

NY

10018

(City)

(State)

(Zip Code)

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

Kevin Coleman

646-307-8272

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Lilling & Company LLP

(Name - If Individual, State Last, First, Middle Name)

10 Cutter Mill Road

Great Neck

NY

11021

(Address)

(City)

(State)

(Zip Code)

CHECK ONE

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

**PROCESSED**

APR 09 2007

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 exemption. See section 240.17a-5(e)(2).

Sec 1410 (3-91)

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

AB  
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OATH OR AFFIRMATION

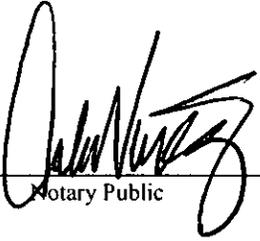
I, Kevin Coleman swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of

Coleman Brokerage Group 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
\_\_\_\_\_  
Signature  
President + CEO  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Notary Public

**JULIA NUNEZ**  
Notary Public, State of New York  
No. 31-01NU4913317  
Qualified in New York County  
Commission Expires November 23, 2009

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) A report on internal control.

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

**COLEMAN BROKERAGE GROUP LLC**

***REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION***

***REPORT ON INTERNAL CONTROL***

***DECEMBER 31, 2006***

# Lilling & Company LLP

Certified Public Accountants

## *INDEPENDENT AUDITORS' REPORT*

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To the Members  
Coleman Brokerage Group LLC  
New York, NY

We have audited the accompanying statement of financial condition of Coleman Brokerage Group LLC as of December 31, 2006, and the related statements of operations, changes in member's equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose 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 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 Coleman Brokerage Group LLC at 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 contained in Schedule I 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 under the Securities Exchange Act of 1934. This schedule is the responsibility of the Company's management. 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.



**CERTIFIED PUBLIC ACCOUNTANTS**

*Great Neck, New York  
February 21, 2007*

**COLEMAN BROKERAGE GROUP LLC**

**STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2006**

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**ASSETS**

Cash	\$ 59,627
Other assets	<u>12,650</u>
	<u>\$ 72,277</u>

**LIABILITIES AND MEMBER'S EQUITY**

**Liabilities**

Accounts payable and accrued expenses	\$ 21,040
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**MEMBER'S EQUITY**

<u>51,237</u>
<u>\$ 72,277</u>

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*See notes to financial statements*

**COLEMAN BROKERAGE GROUP LLC**

**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2006**

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**REVENUES**

Commission income	\$ 33,677
Interest and other income	<u>1,160</u>
	<u>34,837</u>

**EXPENSES**

Payroll and related costs	43,046
Occupancy	26,000
Professional fees	33,953
Operating expenses	<u>36,271</u>
	<u>139,270</u>

<b>NET LOSS</b>	<u><u>\$ (104,433)</u></u>
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*See notes to financial statements*

# COLEMAN BROKERAGE GROUP LLC

## STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2006

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### *Cash flows from operating activities*

Net loss	\$ (104,433)
Adjustments to reconcile net loss to net cash used in operating activities:	
(Increase) decrease in assets:	
Other assets	3,025
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	<u>20,040</u>
Total adjustments	<u>23,065</u>
Net cash used in operating activities	<u>(81,368)</u>

### *Cash flows from financing activities*

Capital contributions	<u>120,000</u>
<i>Net cash provided by financing activities</i>	<u>120,000</u>

**NET INCREASE IN CASH** 38,632

**CASH - BEGINNING** 20,995

**CASH - END** \$ 59,627

### Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest expense	<u>\$ -</u>
Income taxes	<u><u>\$ -</u></u>

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See notes to financial statements

COLEMAN BROKERAGE GROUP LLC

STATEMENT OF CHANGES IN MEMBER'S EQUITY  
YEAR ENDED DECEMBER 31, 2006

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<i>Balance - beginning</i>	\$ 35,670
<i>Capital contributions</i>	120,000
<i>Net loss</i>	<u>(104,433)</u>
<i>Balance - end</i>	<u>\$ 51,237</u>

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*See notes to financial statements*

# COLEMAN BROKERAGE GROUP LLC

## *NOTES TO FINANCIAL STATEMENTS* *DECEMBER 31, 2006*

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Organization**

Coleman Brokerage Group LLC (the "Company") is a limited liability company formed in Delaware on February 9, 2005 and is a wholly owned subsidiary of Coleman Research Group Inc. The Company is a broker dealer registered with the National Association of Securities Dealers, Inc. and the Securities and Exchange Commission. The Company collects commissions for research performed by its parent company. The Company is located in New York City, New York.

#### **Significant Credit Risk and Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management of the Company to use estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Revenue recognition**

The Company records commission income on the accrual basis of accounting as the income is earned.

#### **Income taxes**

The Company is organized as a single member limited liability company and is a disregarded entity for income tax purposes. No provision has been made for federal and state income taxes, since these taxes are the responsibility of the member.

### 2. COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-3

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k) (2) (ii) of the Rule.

# COLEMAN BROKERAGE GROUP LLC

## *NOTES TO FINANCIAL STATEMENTS* *DECEMBER 31, 2006*

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### **3. RELATED PARTY TRANSACTIONS**

The Company leases office space on a month to month basis from its parent company at a cost of \$2,000 per month. The Company also pays its parent for expenses related to salaries and research services. Included in operations for 2006 is rent expense of \$24,000 and approximately \$55,000 for other expenses.

Included in other assets is a receivable due from the Company's parent in the amount of \$10,773.

### **4. NET CAPITAL REQUIREMENT**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c-3-1), 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 15 to 1 (and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2006, the Company had net capital of \$38,587, which was \$33,587 in excess of its required net capital of \$5,000. The Company had a percentage of aggregate indebtedness to net capital of 55% as of December 31, 2006.

***SUPPLEMENTAL INFORMATION  
PURSUANT TO RULE 17a-5 OF THE  
SECURITIES EXCHANGE ACT OF 1934***

***AS OF DECEMBER 31, 2006***

**COMPUTATION OF NET CAPITAL UNDER RULE 15c-3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2006**

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**NET CAPITAL**

Member's equity	\$ 51,237
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Deductions and/or charges	
Nonallowable assets	12,650

Net capital before haircuts on securities positions	38,587
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Haircuts and undue concentration	-
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<b>NET CAPITAL</b>	<b>\$ 38,587</b>
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<b>AGGREGATE INDEBTEDNESS</b>	<b>\$ 21,040</b>
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<b>MINIMUM NET CAPITAL REQUIRED</b>	<b>\$ 5,000</b>
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<b>EXCESS OF NET CAPITAL OVER MINIMUM REQUIREMENTS</b>	<b>\$ 33,587</b>
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<b>PERCENTAGE OF AGGREGATE INDEBTEDNESS TO NET CAPITAL</b>	<b>55%</b>
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**Statement Pursuant to Paragraph (d) (4) of Rule 17a-5**

There were no material differences with respect to the computation of net capital calculated above and the Company's computation included in Part IIA of Form X-17a-5 as of December 31, 2006.

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*See independent auditors' report*

# Lilling & Company LLP

Certified Public Accountants

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

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To the Member  
Coleman Brokerage Group LLC  
New York, NY

In planning and performing our audit of the financial statements and supplemental schedule of Coleman Brokerage Group LLC (the Company), for the year ended December 31, 2006, we considered its internal control, including 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 (SEC), we have made a study of the practices and procedures followed by the Company 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 (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company 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 the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and 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 the Company 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 SEC'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 the Company 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 the preparation of financial statements in conformity 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, projection 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 condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted the following matter involving the internal control environment that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of Coleman Brokerage Group LLC for the year ended December 31, 2006, and this report does not affect our report thereon dated February 21, 2007.

The size of the business and resultant limited number of employees imposes practical limitations on the effectiveness of those internal control procedures that depend on the segregation of duties. Since this condition is inherent in the size of the Company, the specific weaknesses are not described herein and no corrective action has been taken or proposed by the Company.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC 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 the Company's practices and procedures were adequate at December 31, 2006 to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC, the NASD, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



**CERTIFIED PUBLIC ACCOUNTANTS**  
*Great Neck, New York*

*February 21, 2007*

**END**