



07005873

SECI

SSION

Washington, D.C. 20547

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

AB  
3/27

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

| SEC FILE NUMBER |
|-----------------|
| 8- 65150        |

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: C 3 CAPITAL, LLC

| OFFICIAL USE ONLY |
|-------------------|
| FIRM I.D. NO.     |

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

333 WEST END AVENUE, SUITE 1E

(No. and Street)

NEW YORK

NY

10023

(City)

(State)

(Zip Code)

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

CATHERINE S. BANAT

212-580-8865

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

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

MARKS PANETH + SHRON LLP

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

622 THIRD 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

APR 03 2007

THOMSON

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.

VM

OATH OR AFFIRMATION

I, CATHERINE S. BANAT, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of C3 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:

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

Catherine S Banat  
Signature

CEO  
Title

ISAAC M SUTTON  
Notary Public, State of New York  
no. 01SU4990447  
Qualified in Kings County  
Commission Expires Dec. 30, 2009

[Signature]  
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.
- (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).

**C3 CAPITAL, LLC**

**FINANCIAL STATEMENTS WITH AUDITORS'  
REPORT PURSUANT TO RULE 17a-5**

**DECEMBER 31, 2006**

## CONTENTS

|  | <u>Page</u> |
|--|-------------|
| INDEPENDENT AUDITORS' REPORT                       | 1           |
| FINANCIAL STATEMENTS                               |             |
| STATEMENT OF FINANCIAL CONDITION                   | 2           |
| STATEMENT OF OPERATIONS                            | 3           |
| STATEMENT OF MEMBER'S EQUITY                       | 4           |
| STATEMENT OF CASH FLOWS                            | 5           |
| NOTES TO FINANCIAL STATEMENTS                      | 6           |
| SUPPLEMENTAL INFORMATION                           |             |
| COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1 | 7           |
| AUDITORS' STATEMENT PURSUANT TO RULE 17a-5(d)(4)   | 8           |



Marks Paneth  
& Shron LLP

*Certified Public Accountants  
and Consultants*

## INDEPENDENT AUDITORS' REPORT

Member  
C3 Capital, LLC

We have audited the accompanying statement of financial condition of C3 Capital, LLC as of December 31, 2006 and the related statements of operations, members' 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 U.S. generally accepted auditing standards. 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 C3 Capital, LLC at December 31, 2006 and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 7 and 8 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.

*Marks Paneth + Shron LLP*

New York, NY  
February 23, 2007

622 Third Avenue  
New York, NY 10017-6701  
Telephone 212 503 8800  
Facsimile 212 370 3759

88 Froehlich Farm Boulevard  
Woodbury, NY 11797-2921  
Telephone 516 992 5900  
Facsimile 516 992 5800

Website [www.markspaneth.com](http://www.markspaneth.com)



Associated worldwide  
with JHI

C3 CAPITAL, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2006

ASSETS

|      |                   |
|------|-------------------|
| Cash | \$ <u>144,323</u> |
|------|-------------------|

LIABILITIES AND MEMBER'S EQUITY

LIABILITIES

|                                       |          |
|---------------------------------------|----------|
| Accounts payable and accrued expenses | \$ 6,974 |
|---------------------------------------|----------|

MEMBER'S EQUITY

137,349

\$ 144,323

See notes to financial statements.

C3 CAPITAL, LLC

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2006

|   |            |                   |
|---|------------|-------------------|
| FEE REVENUE                               |            | \$ 178,660        |
| OTHER INCOME                              |            | <u>135,450</u>    |
| TOTAL REVENUES                            |            | \$ 314,110        |
| GENERAL AND ADMINISTRATIVE EXPENSES       |            |                   |
| Professional fees                         | \$ 58,544  |                   |
| Licensing and regulatory fees             | 2,820      |                   |
| Other                                     | <u>364</u> |                   |
| Total General and Administrative Expenses |            | <u>61,728</u>     |
| NET INCOME                                |            | \$ <u>252,382</u> |

See notes to financial statements.

C3 CAPITAL, LLC

STATEMENT OF MEMBER'S EQUITY

YEAR ENDED DECEMBER 31, 2006

|                             |                   |
|-----------------------------|-------------------|
| NET INCOME                  | \$ 252,382        |
| DISTRIBUTIONS               | <u>(150,000)</u>  |
| INCREASE IN MEMBER'S EQUITY | 102,382           |
| MEMBER'S EQUITY             |                   |
| Beginning of year           | <u>34,967</u>     |
| End of year                 | <u>\$ 137,349</u> |

See notes to financial statements.



C3 CAPITAL, LLC

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

|   |              |
|---|--------------|
| Net Income  | \$ 252,382   |
| Adjustments to reconcile net loss to net cash used in operating activities: |              |
| Increase in accounts payable and accrued expenses                           | <u>1,500</u> |
| Net cash provided by operating activities                                   | 253,882      |

CASH FLOWS FROM FINANCING ACTIVITIES

|                               |                  |
|-------------------------------|------------------|
| Member's capital distribution | <u>(150,000)</u> |
|-------------------------------|------------------|

INCREASE IN CASH 103,882

CASH

|                   |                   |
|-------------------|-------------------|
| Beginning of year | <u>40,441</u>     |
| End of year       | <u>\$ 144,323</u> |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

1. BUSINESS DESCRIPTION

C3 Capital, LLC ("the Company") is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the National Association of Securities Dealers ("NASD"). Fee income is derived from services rendered in connection with the private placement of securities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Taxes

The Company is not subject to Federal or state income taxes, which are the responsibility of the Company's sole member.

Use of Estimates

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

3. RELATED PARTY TRANSACTIONS

An entity which is owned by the owner of the Company provides certain administrative services to the Company at no charge.

4. NET CAPITAL AND RESERVE REQUIREMENTS

The Company is subject to the Uniform Net Capital Rule under the Securities Exchange Act of 1934. The Rule requires the maintenance of minimum net capital, as defined, and requires that the ratio of aggregate indebtedness, as defined, to net capital not exceed 15 to 1.

At December 31, 2006, the Company's net capital under the rule was \$137,349, which exceeded required net capital of \$5,000 by \$132,349 and the ratio of aggregate indebtedness to net capital was .05 to 1.

Under the exemptive provisions of rule 15c3-3, the Company is not required to segregate funds in a special reserve account for the exclusive benefit of customers, and is not subject to certain other requirements of the Customer Protection Rule.

SUPPLEMENTAL INFORMATION

C3 CAPITAL, LLC

COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1

DECEMBER 31, 2006

|   |                     |
|---|---------------------|
| MEMBERS' EQUITY   | \$137,349           |
| NON-ALLOWABLE ASSETS  | <u>      -</u>      |
| NET CAPITAL   | 137,349             |
| MINIMUM NET CAPITAL REQUIRED<br>\$5,000 or 6-2/3% of aggregate indebtedness<br>of \$6,974, whichever is greater | <u>      5,000</u>  |
| EXCESS NET CAPITAL  | <u>\$132,349</u>    |
| AGGREGATE INDEBTEDNESS<br>Accounts payable and accrued expenses   | <u>\$     6,974</u> |
| RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL  | <u>      .05</u>    |

C3 CAPITAL, LLC

AUDITORS' STATEMENT PURSUANT TO RULE 17a-5(d)(4)

DECEMBER 31, 2006

No material differences exist between the Computation of Net Capital Under Rule 15c3-1 as reported in the accompanying auditors' report and as reported by C3 Capital, LLC in Part IIA of Form X-17A-5 for the quarter ended December 31, 2006.

C3 CAPITAL, LLC

AUDITORS' SUPPLEMENTAL REPORT ON  
INTERNAL CONTROL

DECEMBER 31, 2006

This report is intended solely for the use of the member, management, the SEC, National Association of Securities Dealers, 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 is not intended to be and should not be used by anyone other than these specified parties.

*Mark Paneth + Shm CUP*

New York, NY  
February 23, 2007

*END*