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

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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART 111

A

SEC FILE NUMBER  
8-67277

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 09/27/06 AND ENDING 12/31/06  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Newcastle Distributors, LLC

OFFICIAL USE ONLY

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

PROCESSED

FIRM ID. NO.

127 Woodhaven Drive  
(No. and Street)

APR 27 2007

Avon  
(City)

CT  
(State)

B  
THOMSON  
FINANCIAL

06001  
(Zip Code)

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

Paul A. Atkins

(860) 673-2972

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

Saslow Lufkin & Buggy, LLP

(Name — // individual, state last, first, middle name)

10 Tower Lane Avon

(Address)

(City)

CT

(State)

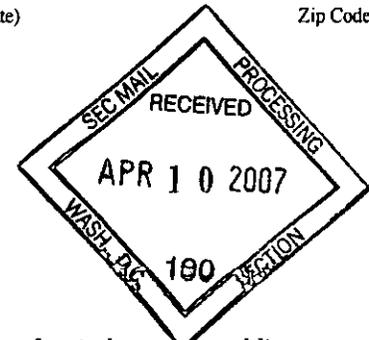
06001

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

SEC 1410 (3-91)

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Newcastle Distributors, LLC  
(SEC File No. 8-67277)

This report contains: (check all applicable boxes)

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Operations.
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Member's Equity.
- (f) Statement of Liabilities Subordinated to Claims of General Creditors (not applicable).
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3 (see Note 1 - Description of Business).
- (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 pursuant to Rule 15c3-1 and the Computation for Determination of the Reserve Requirements pursuant to Exhibit A of Rule 15c3-3 (see Note 1 - Description of Business, and Note 4 - Net Capital).
- (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 [see item (o)].
- (o) Supplemental Report on Internal Accounting Control Required by SEC Rule 17a-5 (filed concurrently herein).
- (p) Schedule of segregation requirements and funds in segregation - customer's regulated commodity futures account pursuant to Rule 171-5 (not applicable).

**Newcastle Distributors, LLC**  
**Computation of Net Capital and Aggregate Indebtedness Pursuant**  
**to Rule 15c3-1 of the Securities and Exchange Commission**  
**December 31, 2006**

**Net Capital:**

Member's equity	\$ 24,207
Nonallowable assets:	
Prepaid expenses	<u>1,145</u>
Total net capital	23,062
Less net capital requirement [greater of \$19 (6.67% of aggregate indebtedness) or \$5,000]	<u>5,000</u>
Net capital in excess of requirements	<u><u>\$ 18,062</u></u>

**Aggregate Indebtedness:**

Total liabilities	\$ <u>287</u>
Aggregate indebtedness	<u><u>\$ 287</u></u>
Ratio of aggregate indebtedness to net capital	<u><u>.01 to 1</u></u>

**Reconciliation with Company's computation  
(included in Part II of Form X-17A-5 as of  
12/31/2006):**

Net capital, as reported in Company's Part II (unaudited Focus report)	\$ 23,348
Audit adjustment to record accrued expense	(286)
Audit adjustment to reclassify prepaid expense	<u>1,145</u>
Member's equity per above	24,207
Nonallowable assets:	
Prepaid expenses	<u>(1,145)</u>
Net capital per above	<u><u>\$ 23,062</u></u>