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UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, DC 20549

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ANNUAL AUDITED REPORT (FORM X-17A-5) PART III

SEC FILE NUMBER 8-53370

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 07/01/06 AND ENDING 06/30/07 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

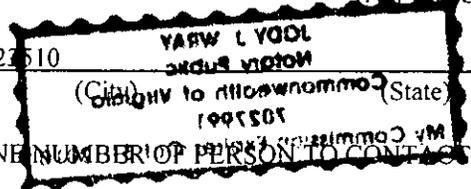
NAME OF BROKER-DEALER: STERLING BENEFITS BROKERAGE, L.L.C.

OFFICIAL USE ONLY FIRM ID. NO.

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

ONE COMMERCIAL PLACE, SUITE 1450 (No. and Street)

NORFOLK, VA 23510 (City) (State) (Zip Code)



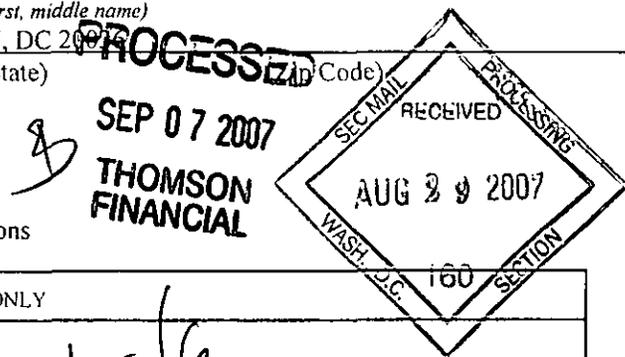
NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT TODD EICHMAN 757-624-5213 (Area Code-Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

WILLIAM BATDORF & COMPANY, P.C. (Name- if individual, state last, first, middle name) 1000 CONNECTICUT AVENUE, NW, SUITE 801, WASHINGTON, DC 20004 (Address) (City) (State) (Zip Code)

- CHECK ONE: [x] Certified Public Accountant [ ] Public Accountant [ ] Accountant not resident in United States or any of its possessions

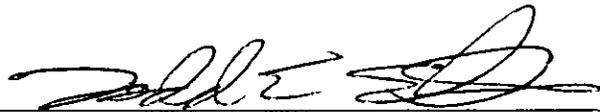


FOR OFFICIAL USE ONLY

\*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.

## OATH OR AFFIRMATION

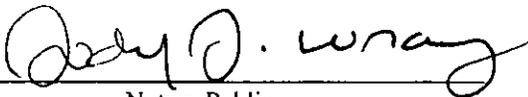
- I, TODD EICHMAN, swear (or affirm) that, to the best of my knowledge and belief that the accompanying financial statements and supporting schedules pertaining to the firm of STERLING BENEFITS BROKERAGE, L.L.C., as of June 30, 2007, are true and correct.
- I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of customer, except as follows:
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_



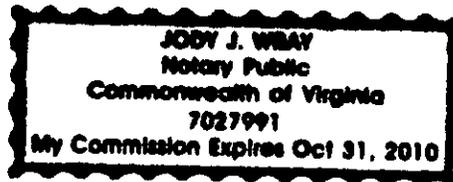
Signature

PRESIDENT

Title



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 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) Independent auditor's report on internal accounting control.

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

STERLING BENEFITS BROKERAGE, LLC  
STATEMENT OF FINANCIAL CONDITION  
AND INDEPENDENT AUDITORS' REPORT  
JUNE 30, 2007

**WILLIAM BATDORF & COMPANY, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
1000 CONNECTICUT AVENUE, N.W., SUITE 801  
WASHINGTON, DC 20036

TELEPHONE  
(202) 331-1040  
FACSIMILE  
(202) 659-1293

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Sterling Benefits Brokerage, LLC

We have audited the statement of financial condition of Sterling Benefits Brokerage, LLC, at June 30, 2007. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement referred to above presents fairly, in all material respects, the financial position of Sterling Benefits Brokerage, LLC as of June 30, 2007 in conformity with accounting principles generally accepted in the United States of America.

*William Batdorf & Company, P.C.*

August 9, 2007

STERLING BENEFITS BROKERAGE, LLC

NORFOLK, VIRGINIA

STATEMENT OF FINANCIAL CONDITION

AT JUNE 30, 2007

ASSETS

	<u>ALLOWABLE</u>	<u>NON ALLOWABLE</u>	<u>TOTAL</u>
Current assets			
Cash	\$ 19,414	\$ -	\$ 19,414
Commissions receivable	28,867	-	28,867
Deposits	<u>-</u>	<u>110</u>	<u>110</u>
Total assets	\$ <u>48,281</u>	\$ <u>110</u>	\$ <u>48,391</u>

LIABILITIES AND MEMBERS' EQUITY

	<u>A. I.</u>	<u>NON A. I.</u>	<u>TOTAL</u>
Liabilities			
Accounts payable	\$ <u>8,636</u>	\$ <u>-</u>	\$ <u>8,636</u>
Members' equity			
Capital contributed			31,458
Retained earnings			<u>8,297</u>
Total members' equity			<u>39,755</u>
Total liabilities and members' equity			\$ <u>48,391</u>

The accompanying notes are an integral part of this financial statement.

STERLING BENEFITS BROKERAGE, LLC

NORFOLK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

AT JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Sterling Benefits Brokerage, LLC (Company) was incorporated in Virginia for the purpose of engaging in the business of a securities broker/dealer and providing investment advisory services.

Accounting Basis

The financial statements are prepared on the accrual basis of accounting.

Securities Transactions

Securities transactions and any related gains or losses on sales are recorded on a trade date basis.

Cash and Cash Equivalents

Cash and cash equivalents includes cash in banks.

Accounts receivable

Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

NOTE 2 - RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of Sterling Benefits Holdings, LLC (SBH). The two companies have an arrangement whereby Sterling Benefits Brokerage, LLC distributes substantially all of its net income to Sterling Benefits Holdings, LLC. The Company also pays SBH \$1,000 per month for administrative expenses.

NOTE 3 - USE OF ESTIMATES

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

(Continued)

STERLING BENEFITS BROKERAGE, LLC

NORFOLK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)

AT JUNE 30, 2007

NOTE 4 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's uniform net capital rule (Rule 15c3-1) which requires the maintenance of minimum net capital and requires the ratio of aggregate indebtedness, as defined to net capital, as defined, shall not exceed 15 to 1. The Company had net capital and net capital requirements computed under these provisions as follows:

Net capital	\$ <u>39,645</u>
Net capital requirement	\$ <u>5,000</u>

NOTE 5 - OTHER REGULATORY REQUIREMENTS

The Company does not hold any funds or securities for the account of customers It is therefore exempt from the customer reserve requirements of the Securities and Exchange Commission Rule 15c3-3 under Section (k)(2)(i).

**WILLIAM BATDORF & COMPANY, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
1000 CONNECTICUT AVENUE, N.W., SUITE 801  
WASHINGTON, DC 20036

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(202) 331-1040  
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**SUPPLEMENTARY REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**  
**ON INTERNAL ACCOUNTING CONTROL**

To the Board of Directors  
Sterling Benefits Brokerage, L.L.C.

In planning and performing our audit of the financial statements of Sterling Benefits Brokerage, L.L.C. for the year ended June 30, 2007, we considered its internal control structure, including procedures 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 the internal control structure.

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 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 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 making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirement for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 internal control structure policies and procedures 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 Commission's above-mentioned objectives. Two of the objectives of an internal control structure 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 recorded in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities 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 the internal control structure would not necessarily disclose all matters in the internal control structure 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 the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 no matters involving the internal control structure that 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 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 the Company's practices and procedures were adequate at June 30, 2007 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the National Association of Securities Dealers and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

*William Barthel & Company, P.C.*

August 09, 2007

**END**