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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 III**

SEC. DIV. RECEIVED  
AUG 30 2007  
WASH. D.C. SECTION

SEC FILE NUMBER  
8-51199

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

SEC. DIV. RECEIVED  
6/30/2007 2007  
WASH. D.C. SECTION

REPORT FOR THE PERIOD BEGINNING 7/01/2006 AND ENDING 6/30/2007  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: LaBranche Structured Products Direct, Inc.

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

33 Whitehall Street - 9th Floor

(No. and Street)

New York

New York

10004

(City)

(State)

(Zip Code)

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

Thomas Hack

(212) 820-0423

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

KPMG LLP

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

345 Park Avenue

New York

New York

10154

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**PROCESSED**

**B OCT 11 2007**

**THOMSON  
FINANCIAL**

**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 (06-02)

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.

MA

MA

OATH OR AFFIRMATION

I, Thomas Hack, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of LaBranche Structured Products Direct, Inc., 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 a customer, except as follows:

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

IRENE T. VANDE WOUDE  
Notary Public, State of New York  
No. 01VA6068687  
Qualified in New York County  
Commission Expires January 14, 2010  
Irene T. Vande Woude  
Notary Public

Thomas Hack  
Signature  
Thomas Hack  
Chief Financial Officer  
Title

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~~ Cash Flows.
- (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).



**LABRANCHE STRUCTURED PRODUCTS DIRECT, INC.**  
(Formerly Berkshire Asset Management Corporation)  
(A Wholly Owned Subsidiary of LaBranche Structured Holdings, Inc.)

Statement of Financial Condition

June 30, 2007

(With Independent Auditors' Report Thereon)



KPMG LLP  
345 Park Avenue  
New York, NY 10154

## Independent Auditors' Report

The Board of Directors and Shareholder  
LaBranche Structured Products Direct, Inc.:

We have audited the accompanying statement of financial condition of LaBranche Structured Products Direct, Inc. (formerly Berkshire Asset Management Corporation) (the Company) (a wholly owned subsidiary of LaBranche Structured Holdings, Inc.), as of June 30, 2007. 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 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 statement of financial condition, 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 LaBranche Structured Products Direct, Inc. as of June 30, 2007, in conformity with U.S. generally accepted accounting principles.

**KPMG LLP**

August 24, 2007

**LABRANCHE STRUCTURED PRODUCTS DIRECT, INC.**  
(Formerly Berkshire Asset Management Corporation)  
(A Wholly Owned Subsidiary of LaBranche Structured Holdings, Inc.)

Statement of Financial Condition

June 30, 2007

**Assets**

Assets:

Receivables:

Clearing organizations

\$ 2,998,852

Due from affiliates

26,600

Total assets

\$ 3,025,452

**Liabilities and Stockholder's Equity**

Liabilities:

Payables:

Payable to brokers and dealers

\$ 911

Due to affiliates

203

Accounts payable, accrued expenses, and other

56,954

Total liabilities

58,068

Stockholder's equity:

Common stock, \$0.00001 par value. Authorized, issued, and outstanding 10,000 shares

—

Additional paid-in capital

3,035,917

Accumulated deficit

(68,533)

Total stockholder's equity

2,967,384

Total liabilities and stockholder's equity

\$ 3,025,452

See accompanying notes to statement of financial condition.

**LABRANCHE STRUCTURED PRODUCTS DIRECT, INC.**  
(Formerly Berkshire Asset Management Corporation)  
(A Wholly Owned Subsidiary of LaBranche Structured Holdings, Inc.)

Notes to Statement of Financial Condition

June 30, 2007

**(1) Organization and Description of Business**

LaBranche Structured Products Direct, Inc. (the Company), a registered broker-dealer in securities under the Securities Exchange Act of 1934, is a member of the NASD, Inc. (NASD) and other principal exchanges. The Company is primarily engaged in the business of execution of securities transactions. The Company is a wholly owned subsidiary of LaBranche Structured Holdings Inc., (the Parent), a Delaware corporation. The Parent is a wholly owned subsidiary of LaBranche & Co Inc., a Delaware corporation (the Holding Company).

**(2) Significant Accounting Policies**

**(a) Basis of Presentation**

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

**(b) Securities Transactions**

The Company records commission revenues and related expenses on a trade-date basis.

**(c) Income Taxes**

The Company is included in the consolidated federal and combined state and local tax returns filed by the Holding Company. Under a tax-sharing agreement with the Holding Company, the Company determines its income tax on a separate company basis.

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*, which requires the use of the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

**LABRANCHE STRUCTURED PRODUCTS DIRECT, INC.**  
(Formerly Berkshire Asset Management Corporation)  
(A Wholly Owned Subsidiary of LaBranche Structured Holdings, Inc.)

Notes to Statement of Financial Condition

June 30, 2007

FASB Interpretation No. 48, *Accounting for Uncertainties in Income Taxes – an Interpretation of FASB Statement No. 109* (FIN 48), which the Holding Company adopted as of January 1, 2007, prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As a result of the implementation of FIN 48, the Company has determined that no adjustment to its unrecognized tax benefit is required.

**(3) Receivable from and Payable to Brokers, Dealers, and Clearing Organizations**

The balances presented as receivable from and payable to brokers, dealers, and clearing organizations consist primarily of balances at a clearing broker as of June 30, 2007.

**(4) Net Capital Requirements**

As a registered broker-dealer and member firm of the NYSE, the Company is subject to the Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934. Under the alternative method permitted by the rule, the minimum required net capital shall be equal to the greater of \$5,000 or 6⅓% of aggregate indebtedness, as defined.

At June 30, 2007, the Company's regulatory net capital of \$2,940,784 exceeded the minimum requirement by \$2,935,784.

**(5) Income Taxes**

The Company is included in the consolidated federal and combined state and local tax returns filed by the Holding Company. Pursuant to the tax-sharing agreement with its Holding Company, the Company determines its income tax on a separate company basis.

**(6) Related-Party Transaction**

In September 2006, the Parent contributed capital in the amount of \$3,000,000.



KPMG LLP  
345 Park Avenue  
New York, NY 10154

## Report on Internal Control Required by SEC Rule 17a-5

The Board of Directors and Shareholder  
LaBranche Structured Products Direct, Inc.:

In planning and performing our audit of the financial statements of LaBranche Structured Products Direct, Inc. (formerly Berkshire Asset Management Corporation) (the Company) (a wholly owned subsidiary of LaBranche Structured Holdings, Inc.), as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's 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

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 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 internal control and 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.



A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control 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 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, as described in the second paragraph of this report, were adequate at June 30, 2007, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, The New York Stock Exchange, 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.

KPMG LLP

August 24, 2007

END