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

SEC FILE NUMBER
8-65309

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 01/01/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: RCM Distributors LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

Four Embarcadero Center

(No. and Street)

San Francisco

CA

94111

(City)

(State)

(Zip Code)

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

Flora Cheung

(415) 954-8283

(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)

355 South Grand Avenue

Los Angeles

CA

90071

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 21 2008

**THOMSON
FINANCIAL**

SECURITIES AND EXCHANGE COMMISSION
File Number
FEB 29 2008
BRANCH OF REGISTRATIONS AND EXAMINATIONS
05

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*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.

SEC 1410 (06-02)

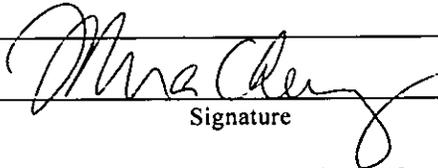
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SECURITIES AND EXCHANGE COMMISSION
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05

MS 3/20

OATH OR AFFIRMATION

I, Flora Cheung, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of RCM Distributors LLC, as of December 31, 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:


Signature
Financial Operations Principal
Title

Notary Public

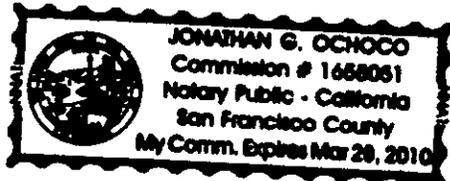
This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of 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).

State of California
County of SAN FRANCISCO

Subscribed and sworn to (or affirmed) before me on this 21st
day of FEBRUARY, 2008 by FLORA CHEUNG,
proved to me on the basis of satisfactory evidence to be the
person(s) who appeared before me.



(Seal)

Signature

A handwritten signature in cursive script, appearing to read "Jonathan G. Ochoa", written over a horizontal line.



RCM DISTRIBUTORS LLC
(SEC Identification No. 8-65309)

Statement of Financial Condition

December 31, 2007

(With Independent Auditors' Report Thereon)

Filed in accordance with Rule 17a-15(e)(3) as Public Document.

RCM DISTRIBUTORS LLC
(SEC Identification No. 8-65309)

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KPMG LLP
Suite 2000
355 South Grand Avenue
Los Angeles, CA 90071-1568

SEC Mail
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Section

FEB 29 2008

Independent Auditors' Report

Washington, DC
106

The Managing Member
RCM Distributors LLC:

We have audited the accompanying statement of financial condition of RCM Distributors LLC as of December 31, 2007 that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. 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 statement of financial condition is 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 of a statement of financial condition also includes examining, on a test basis, evidence supporting the amounts and disclosures in that 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 of the statement of financial condition 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 the Company as of December 31, 2007 in conformity with U.S. generally accepted accounting principles.

KPMG LLP

February 25, 2008

RCM DISTRIBUTORS LLC
(SEC Identification No. 8-65309)

Statement of Financial Condition

December 31, 2007

Assets

Cash	\$	386,143
Prepaid expenses		<u>15,859</u>
Total assets	\$	<u><u>402,002</u></u>

Liabilities and Member's Capital

Payable to affiliates	\$	178,500
Accrued expenses		<u>16,656</u>
Total liabilities		195,156
Member's capital		<u>206,846</u>
Total liabilities and member's capital	\$	<u><u>402,002</u></u>

See accompanying notes to the statement of financial condition.

RCM DISTRIBUTORS LLC
(SEC Identification No. 8-65309)

Statement of Financial Condition

December 31, 2007

(1) Organization

RCM Distributors LLC (the Company) is a single-member limited liability company, which is a registered broker/dealer with the United States Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority (FINRA). As a registered broker/dealer, the Company is approved to engage in the following types of business: (i) mutual fund retailer by subscription and (ii) private placement on a best-effort basis. Effective January 31, 2007, the Company terminated its distribution agreement with Allianz Hedge Fund Partners L.P. (AHFP). This agreement was the only source of distribution fees for the Company and as a result of its termination, the Company has had no customers since that date.

The Company is wholly owned by RCM Capital Management LLC (RCM or the parent), and RCM is a wholly owned subsidiary of RCM US Holdings LLC (RCM Holdings). RCM Holdings is a wholly owned subsidiary of Allianz Global Investors AG (AllianzGI), which is owned by Allianz SE, a global insurance company engaging in property and casualty protection, life and health insurance, banking, and asset management. The Company has no significant operations and relies on RCM to support ongoing operations and meet its regulatory capital requirements.

The Company does not carry security accounts for customers and does not perform custodial functions relating to customer securities and is, therefore, exempt from the provisions of Rule 15c3-3 of the Securities and Exchange Commission (SEC).

(2) Summary of Significant Accounting Policies

(a) Cash

The Company maintains its cash in various federally insured banking institutions. The account balances at each institution periodically exceed the Federal Deposit Insurance Corporation's (FDIC) insurance coverage, and as a result, there is a concentration of credit risk related to amounts in excess of FDIC insurance coverage.

(b) Fair Value of Financial Instruments

The carrying value of the Company's financial instruments approximates fair value. The carrying value of cash and cash equivalents, prepaid expenses, payable to affiliates, and accrued expenses approximates fair value due to their short maturity.

(c) Use of Estimates

The statement of financial condition has been prepared in accordance with U.S. generally accepted accounting principles, which requires management to make estimates and assumptions that affect the reported amounts and disclosures in the statement of financial condition. Actual results could differ from those estimates.

RCM DISTRIBUTORS LLC
(SEC Identification No. 8-65309)

Statement of Financial Condition

December 31, 2007

(d) Income Taxes

Under current federal and applicable state limited liability company laws and regulations, single-member limited liability companies are treated as disregarded entities for tax reporting purposes, and accordingly, are not subject to income taxes. For tax purposes, income or losses of the Company are the responsibility of the member of the Company and are included in the tax returns of the member of the Company.

(3) Related-Party Transactions

Pursuant to an expense agreement, RCM has agreed to absorb certain allocated expenses that include office space, general and administrative expense, and personnel time, on behalf of the Company. RCM has the intent and ability to continue to absorb these expenses under the expense agreement should such noncash capital contributions become necessary.

The Company has a payable of \$178,500 to affiliates at December 31, 2007 that includes \$4,725 for expenses paid by Allianz Global Investors LP (AllianzGI L.P.), which is also indirectly owned by Allianz SE, and \$173,775 for allocated expenses not covered by the expense agreement with RCM. Although the payable amount of \$173,775 is not currently subject to the expense agreement, should the need arise in future periods, RCM has the intent and ability to absorb these amounts if payment would significantly impact the computation of net capital of the Company.

(4) Net Capital

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital equal to the greater of \$5,000 or 6⅔% of aggregate indebtedness, and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2007, the Company had net capital of \$190,987 for regulatory purposes, which was \$177,977 in excess of its required net capital of \$13,010. The Company's net capital ratio was 1.02 to 1.

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL REQUIRED BY RULE 17A-5
OF THE SECURITIES AND EXCHANGE COMMISSION**



KPMG LLP
Suite 2000
355 South Grand Avenue
Los Angeles, CA 90071-1568

**Independent Auditors' Report on
Internal Control Required by
Securities and Exchange Commission Rule 17a-5**

The Managing Member
RCM Distributors LLC:

In planning and performing our audit of the financial statements of RCM Distributors LLC (the Company), as of and for the year ended December 31, 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 consideration of control activities for safeguarding securities. This study included 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 any of the following:

1. Making the quarterly securities examinations, counts, verifications, 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 a more than 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 and control activities for safeguarding securities 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 December 31, 2007, to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC, 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

February 25, 2008

END