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CASTELLE \CA\
Form SC 13D/A
December 19, 2006

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

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 3)

CASTELLE

(Name of Issuer)

Common Stock, no par value

(Title of Class of Securities)

147905103

(CUSIP Number)

Sarah C. Cunningham, Esq.
Covington & Burling LLP
One Front Street, 35th Floor
San Francisco, CA 94111
Telephone: (415) 591-7057
Facsimile: (415) 955-6551

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

December 18, 2006

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box. []

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

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The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 147905103

1. Names of Reporting Persons.
I.R.S. Identification Nos. of above persons (entities only).

Daniel Zeff

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions) N/A

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) .

6. Citizenship or Place of Organization United States

Number of Shares Beneficially Owned by Each Reporting Person With

7. Sole Voting Power 1,007,021

8. Shared Voting Power None

9. Sole Dispositive Power 1,007,021

10. Shared Dispositive Power None

11. Aggregate Amount Beneficially Owned by Each Reporting Person 1,007,021

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

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13. Percent of Class Represented by Amount in Row (11) 25.0%

14. Type of Reporting Person (See Instructions)
IN

CUSIP No. 147905103

1. Names of Reporting Persons.
I.R.S. Identification Nos. of above persons (entities only).

Spectrum Galaxy Fund Ltd.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions) WC

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) .

6. Citizenship or Place of Organization British Virgin Islands

Number of Shares Beneficially Owned by Each Reporting Person With

7. Sole Voting Power 467,765

8. Shared Voting Power None

9. Sole Dispositive Power 467,765

10. Shared Dispositive Power None

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11. Aggregate Amount Beneficially Owned by
Each Reporting Person 467,765

12. Check if the Aggregate Amount in Row (11)
Excludes Certain Shares (See Instructions) []

13. Percent of Class Represented by Amount in Row (11) 11.6%

14. Type of Reporting Person (See Instructions)
CO

CUSIP No. 147905103

1. Names of Reporting Persons.
I.R.S. Identification Nos. of above persons (entities only).

Zeff Capital Partners I, L.P.

2. Check the Appropriate Box if a Member of a Group (See
Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions) WC

5. Check if Disclosure of Legal Proceedings Is Required Pursuant
to Items 2(d) or 2(e) []

6. Citizenship or Place of Organization Delaware

Number of 7. Sole Voting Power 539,256
Shares

Beneficially 8. Shared Voting Power None
Owned by
Each

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Reporting
Person With

9. Sole Dispositive Power 539,256

10. Shared Dispositive Power None

11. Aggregate Amount Beneficially Owned by
Each Reporting Person 539,256

12. Check if the Aggregate Amount in Row (11)
Excludes Certain Shares (See Instructions) []

13. Percent of Class Represented by Amount in Row (11) 13.4%

14. Type of Reporting Person (See Instructions)
PN

CUSIP No. 147905103

1. Names of Reporting Persons.
I.R.S. Identification Nos. of above persons (entities only).

Zeff Holding Company, LLC

2. Check the Appropriate Box if a Member of a Group (See
Instructions)

(a) [X]

(b) []

3. SEC Use Only

4. Source of Funds (See Instructions) N/A

5. Check if Disclosure of Legal Proceedings Is Required Pursuant
to Items 2(d) or 2(e) [].

6. Citizenship or Place of Organization Delaware

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| | | | |
|---|---|---------|--|
| Number of Shares Beneficially Owned by Each Reporting Person With | 7. Sole Voting Power | 539,256 | |
| ----- | | | |
| | 8. Shared Voting Power | None | |
| ----- | | | |
| | 9. Sole Dispositive Power | 539,256 | |
| ----- | | | |
| | 10. Shared Dispositive Power | None | |
| ----- | | | |
| | 11. Aggregate Amount Beneficially Owned by Each Reporting Person | 539,256 | |
| ----- | | | |
| | 12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) | [] | |
| ----- | | | |
| | 13. Percent of Class Represented by Amount in Row (11) | 13.4% | |
| ----- | | | |
| | 14. Type of Reporting Person (See Instructions) | 00 | |
| ----- | | | |

SCHEDULE 13D

This Amendment No. 3 amends and supplements that statement on Schedule 13D originally filed with the Securities and Exchange Commission on July 11, 2005 (the "Original Filing"), as amended on August 7, 2006 (the "First Amended Filing") and September 21, 2006 (the "Second Amended Filing"), by Zeff Holding Company, LLC, a Delaware limited liability company ("Holding"), Zeff Capital Partners, I, L.P. , a Delaware limited partnership ("Capital"), Spectrum Galaxy Fund Ltd., a company incorporated in the British Virgin Islands ("Spectrum") and Daniel Zeff, an individual ("Zeff") (Holding, Capital, Spectrum and Zeff are hereinafter collectively referred to as the "Reporting Persons") related to the common stock (the "Common Stock") of Castelle (the "Company"), a California corporation.

Item 4. Purpose of Transaction

The Reporting Persons plan to nominate a person for election as a director of the Company at the next annual meeting of the shareholders and to cumulate votes in connection with the election. Pursuant to the Bylaws of the Company, the Reporting Persons have submitted a notice to the Secretary of the Company setting forth the information required for such a notice. The notice is attached hereto as Exhibit 2.

Item 7. Material to be Filed as Exhibits.

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Exhibit 1: Joint Filing Agreement, dated as of December 18, 2006, by and among the Reporting Persons.

Exhibit 2: Notice of Intent to Nominate Director, dated as of December 18, 2006.

SIGNATURES

After reasonable inquiry and to the best of their knowledge and behalf, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: December 18, 2006

/s/ Daniel Zeff

Daniel Zeff

ZEFF HOLDING COMPANY, LLC

By: /s/ Daniel Zeff

Name: Daniel Zeff
Title: Manager

ZEFF CAPITAL PARTNERS I, L.P.
By: Zeff Holding Company, LLC,
as general partner

By: /s/ Daniel Zeff

Name: Daniel Zeff
Title: Manager

SPECTRUM GALAXY FUND LTD.

By: /s/ Dion R. Friedland

Name: Dion R. Friedland
Title: Director

Exhibit 1

Joint Filing Agreement

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In accordance with Rule 13d-1(k) under the Securities Exchange Act of 1934, as amended, the undersigned hereby agree to the joint filing on behalf of each of them of a statement on Schedule 13D (including this Amendment No. 3 thereto) with respect to the Common Stock of Castelle, and that this Agreement be included as an Exhibit to such joint filing. This Agreement may be executed in any number of counterparts all of which taken together shall constitute one and the same instrument.

In witness hereof, the undersigned hereby executed this Agreement this 18 day of December, 2006.

/s/ Daniel Zeff

Daniel Zeff

ZEFF HOLDING COMPANY, LLC

By: /s/ Daniel Zeff

Name: Daniel Zeff
Title: Manager

ZEFF CAPITAL PARTNERS I, L.P.
By: Zeff Holding Company, LLC,
as general partner

By: /s/ Daniel Zeff

Name: Daniel Zeff
Title: Manager

SPECTRUM GALAXY FUND LTD.

By: /s/ Dion R. Friedland

Name: Dion R. Friedland
Title: Director

Exhibit 2

Notice of Intent to Nominate Director

December 18, 2006

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Paul Cheng
Secretary
Castelle
855 Jarvis Drive, Suite 100
Morgan Hill, CA 95037

Dear Mr. Cheng,

This letter serves as notice of Zeff Capital Partners L.P.'s intent to nominate Andrew Dailey for election as a director of Castelle at the next annual meeting of the shareholders and to cumulate its votes in the election. As a former industry analyst, executive and advisor to technology companies and Fortune 500 CIOs, Mr. Dailey would add valuable industry insights and relationships to Castelle's Board of Directors.

Zeff Capital Partners I, L.P., a Delaware limited partnership ("Capital") will nominate Mr. Dailey to the Board of Directors on behalf of Daniel Zeff, an individual ("Zeff"), who beneficially owns the shares of Castelle held by Capital. The address of the principal business and principal office of each of Capital and Zeff is 50 California Street, Suite 1500, San Francisco, California 94111.

Capital beneficially owns 539,256 shares of common stock of Castelle ("Common Stock"). Zeff beneficially owns 1,007,021 shares of Common Stock, comprising 539,256 shares of Common Stock held by Capital (Zeff is the sole manager of Capital's general partner) and 467,765 shares of Common Stock held by Spectrum Galaxy Fund Ltd., a company incorporated in the British Virgin Islands ("Spectrum") (Mr. Zeff provides discretionary investment management services to Zeff Capital Offshore Fund, a class of shares of Spectrum).

None of Capital, Spectrum nor Zeff have any material interest in proposing Mr. Dailey to the Board of Directors of Castelle.

Capital and Zeff have no arrangements or understandings with Mr. Dailey or any other persons pursuant to which the nomination is to be made.

The following additional information regarding Mr. Dailey would be required to be included in a proxy statement filed in accordance with the proxy rules of the SEC had the nominee been nominated by the Board of Directors of Castelle:

Legal Proceedings

Mr. Dailey is not a party adverse to Castelle or its subsidiaries in any material proceedings, nor does Mr. Dailey have a material interest adverse to Castelle or its subsidiaries.

Identification

Mr. Dailey is 37 years old. He does not hold any positions or offices with Castelle.

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| | |
|---|---|
| Family Relationships | Mr. Dailey does not have any family relationships with any directors or executive officers of Castelle. |
| Business Experience | <p>From 2001-2002, Mr. Dailey was head of US research for Ha Qviberg, a Scandinavian investment bank. In 2002, he joined Jetstream Group, a technology management consulting firm serving Fortune 500 companies with sourcing software, services and offshoring. In 2004, Mr. Dailey became a partner at Headl Advisors, a strategic investment and advisory firm focused in the technology sector. He was a Founder of Arborex, a supply management software company, and served as a director of ezlogin.com (sold to 724 Solutions). Mr. Dailey is currently self-employed. None of Mr. Dailey's listed former employers are a parent, affiliate or subsidiary of Castelle.</p> <p>Mr. Dailey has not held any directorships with registered companies or registered investment companies.</p> |
| Involvement in Legal Proceedings | Mr. Dailey has not been involved in any legal proceedings in the past five years that are material to an evaluation of the character or integrity of Mr. Dailey to become a director of Castelle. |
| Transactions with Management and Others | Mr. Dailey was a party to no transactions involving Castelle since the beginning of Castelle's last fiscal year, in which the amount involved exceeded \$60,000. |
| Indebtedness of Management | Mr. Dailey has not been indebted to Castelle at any time since the beginning of Castelle's last fiscal year, in an amount in excess of \$60,000. |
| Certain Business Relationships | Mr. Dailey has not been involved in certain business relationships involving Castelle (as described in Item 404(b) of Regulation S-K.) |

Mr. Dailey's consent to serve as a director of Castelle is attached to this notice letter as Exhibit A.

Please promptly confirm in writing that Castelle deems this notice sufficient to nominate Mr. Dailey for election at the next annual meeting.

Sincerely,

/s/ Daniel Zeff

Daniel Zeff

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ZEFF CAPITAL PARTNERS I, L.P.
By: Zeff Holding Company, LLC,
as general partner

By: /s/ Daniel Zeff

Name: Daniel Zeff

Exhibit A

Consent to Serve as Director

I, Andrew Dailey, do hereby confirm that if I am elected as a director of Castelle, a California corporation, I will serve as a director to said corporation.

It witness hereof, the undersigned hereby executed this consent this _
15__ day of December, 2006.

/s/ Andrew Dailey

Andrew Dailey

14 Vista Real
Mill Valley, California 94941