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SECURITIES



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

SEC FILE NUMBER
8-18201

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 August 1, 2005 AND ENDING July 31, 2006
(MM/DD/YY) (MM/DD/YY)

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Vail Securities Investment, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

232 West Meadow Drive
(No. and Street)

Vail, Colorado
(City) (State)

PROCESSED

NOV 30 2006 81657
(Zip Code)

THOMSON FINANCIAL
(Zip Code)

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

Mervyn Lapin, President (970) - 476-5531
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

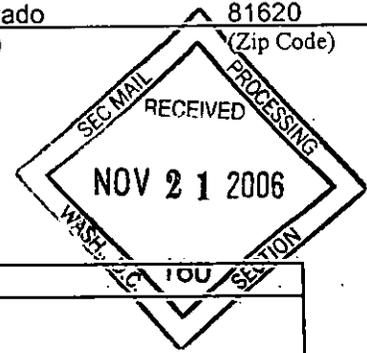
McMahan and Associates, LLC

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

100 West Beaver Creek Blvd, Suite 222, P.O. Box 5850 Avon, Colorado 81620
(Address) (City) (State) (Zip Code)

CHECK ONE:

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



FOR OFFICIAL USE ONLY

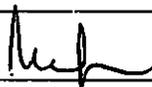
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2).

SEC 1410 (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.

OATH OR AFFIRMATION

I, Mervyn Lapin, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statement and supporting schedules pertaining to the firm of Vail Securities Investment, Inc., as of July 31 20_06, 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

President

Title

Notary Public

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

- | | |
|-------------------------------------|---|
| <input type="checkbox"/> | (a) Facing Page. |
| <input type="checkbox"/> | (b) Statement of Financial Condition. |
| <input type="checkbox"/> | (c) Statement of Income (Loss). |
| <input type="checkbox"/> | (d) Statement of Changes in Financial Condition. |
| <input type="checkbox"/> | (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital. |
| <input type="checkbox"/> | (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors. |
| <input checked="" type="checkbox"/> | (g) Computation of Net Capital. |
| <input type="checkbox"/> | (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3. |
| <input type="checkbox"/> | (I) Information Relating to the Possession or Control Requirements Under Rule 15c3-3. |
| <input type="checkbox"/> | (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3. |
| <input type="checkbox"/> | (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation. |
| <input type="checkbox"/> | (l) An Oath or Affirmation. |
| <input type="checkbox"/> | (m) A copy of the SIPC Supplemental Report. |
| <input type="checkbox"/> | (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).

Vail Securities Investment, Inc.

(A Colorado Corporation)

Schedule I

Computation of Net Capital under Rule 15c3-1

of the Securities and Exchange Commission

July 31, 2006

Computation of Basic Net Capital Requirements:

Total ownership equity	909,957
Deduct: Non-allowable assets	<u>(668,802)</u>

Net capital	<u>241,155</u>
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Aggregate indebtedness	<u>16,890</u>
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Minimum net capital required (6-2/3% of aggregate indebtedness)	<u>1,126</u>
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Minimum dollar net capital requirement	<u>100,000</u>
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Net capital requirement	<u>100,000</u>
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Excess net capital	<u>141,155</u>
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Excess net capital at 1,000%	<u>239,466</u>
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**Reconciliation of Net Capital to the net capital computation
as reported on the Original Focus Part IIA:**

There were no material differences between the original reported net capital per the July 31, 2006 Focus Part IIA and the final audited Net Capital.

Net Capital reported an Original Focus Part IIA	<u>241,155</u>
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Net Capital per final audited Net Capital	<u>241,155</u>
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