

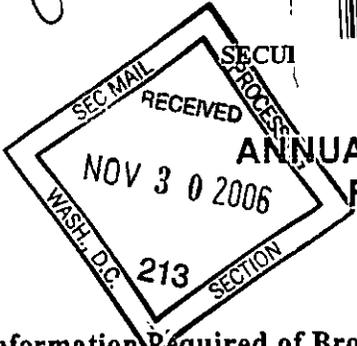
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SEC FILE NUMBER
8-23175

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

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 OCTOBER 1 2005 AND ENDING SEPTEMBER 30 2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: WM. V. FRANKEL & CO., INC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
30 MONTGOMERY STREET
(No. and Street)

JERSEY CITY NJ 07303
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
PATRICK G. QUINN (201) 434-5149
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
SANFORD BECKER & CO., PC.
(Name - if individual, state last, first, middle name)

1430 BROADWAY 6TH FLOOR NEW YORK NY 10018
(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 DEC 07 2006
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)

Handwritten signature/initials

OATH OR AFFIRMATION

I, PATRICK G QUINN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of WM V FRANKEL & CO, INC, as of SEPTEMBER 30, 2006, 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:

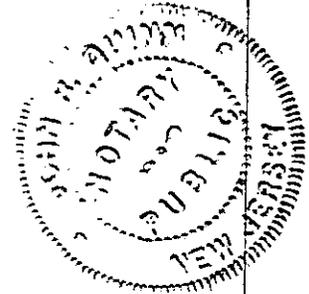
None

JOHN R. QUINN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Nov. 16, 2010

[Signature]
Signature

President
Title

[Signature]
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~~. 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).



WM. V. FRANKEL & CO., INC.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
ON PART II FORM X-17A-5

YEAR ENDED SEPTEMBER 30, 2006

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

OMB APPROVAL
OMB Number: 3235-0123
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X-17A-5

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FOCUS REPORT

(Financial and Operational Combined Uniform Single Report)

PART II 11

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

1) Rule 17a-5(a) 16

2) Rule 17a-5(b) 17

3) Rule 17a-11 18

4) Special request by designated examining authority 19

5) Other 26

NAME OF BROKER-DEALER

WM. V FRANKEL & CO., INC.

SEC FILE NO.

23175 14

FIRM I.D. NO.

12 01 95 15

FOR PERIOD BEGINNING (MM/DD/YY)

OCTOBER 1 2005 24

AND ENDING (MM/DD/YY)

SEPTEMBER 30, 2006 25

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.) 13

30 MONTGOMERY STREET 20

(No. and Street)

JERSEY CITY 21

(City)

NJ 22

(State)

07303 23

(Zip Code)

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

PATRICK G. QUINN 30

(Area Code) — Telephone No.

(201) 434-5149 31

NAMES OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

OFFICIAL USE

32

33

34

35

36

37

38

39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES 40 NO 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT 42

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements, and schedules remain true, correct and complete as previously submitted.

Dated the _____ day of _____,

Manual signatures of:

1) _____

Principal Executive Officer or Managing Partner

2) _____

Principal Financial Officer or Partner

3) _____

Principal Operations Officer or Partner

ATTENTION — Intentional misstatement or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78:f(a))

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WM. V. FRANKEL & CO., INC.
SEPTEMBER 30, 2006

CONTENTS

	<u>PAGE</u>
Report of Independent Certified Public Accountants	1
Statement of Financial Condition	2 - 5
Statement of Earnings	6
Statement of Stockholder's Equity	7
Statement of Cash Flows	8
Notes to Financial Statements	9A-9B
SUPPLEMENTARY SUPPORTING SCHEDULES:	
Computation of Net Capital and Aggregate Indebtedness	10 - 11
Computation for Determination of Reserve Requirements For Broker- Dealers Under Rule 15c3-3	12
Information for Possession or Control Requirements Under Rule 15c3-3	13
Reconciliation of Computation of Net Capital Pursuant to Uniform Net Capital Rule 15c3-1 To Corporation's Corresponding Unaudited Form X-17A-5 Part II Filing September 30, 2006	14
Report of Internal Control	15 - 16

SANFORD BECKER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

RICHARD S. BECKER, C.P.A.
SANFORD E. BECKER, C.P.A.
GEORGE S. GETZ, C.P.A.

SANFORD BECKER, C.P.A. 1922-1994

1430 BROADWAY
NEW YORK, N.Y. 10018
TELEPHONE - (212) 921 - 9000
FACSIMILE - (212) 354 - 1822

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Wm. V. Frankel & Co., Inc.
Jersey City, New Jersey

We have audited the accompanying statement of financial condition of Wm. V. Frankel & Co., Inc. as of September 30, 2006 and the related statements of income, changes in stockholder's equity and cash flows for the year then ended, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 statements referred to above present fairly, in all material respects, the financial position of Wm. V. Frankel & Co., Inc. as of September 30, 2006 and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the schedules listed on the accompanying index is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

New York, New York
November 13, 2006

Sanford Becker & Co. PC

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER

WM V FRANKEL & CO INC.

N2

100

STATEMENT OF FINANCIAL CONDITION

as of (MM/DD/YY) SEPTEMBER 30 2006 99

SEC FILE NO. 8 23175 98

Consolidated 198

Unconsolidated 189

ASSETS

	Allowable	Non-Allowable	Total
1. Cash	\$ 261,220		\$ 261,220
2. Cash segregated in compliance with federal and other regulations	200		750
3. Receivable from brokers or dealers and clearing organizations:			
A. Failed to deliver:			
1. Includable in "Formula for Reserve Requirements"	210		760
2. Other	94,447		94,447
B. Securities borrowed:			
1. Includable in "Formula for Reserve Requirements"	230		770
2. Other	240		780
C. Omnibus accounts:			
1. Includable in "Formula for Reserve Requirements"	250		790
2. Other	260		790
D. Clearing organizations:			
1. Includable in "Formula for Reserve Requirements"	270		800
2. Other	280		800
E. Other	85,718	550	810
4. Receivables from customers:			
A. Securities accounts:			
1. Cash and fully secured accounts	310		560
2. Partly secured accounts	320	570	580
3. Unsecured accounts		590	820
B. Commodity accounts	330		830
C. Allowance for doubtful accounts	() 335	() 590	840
5. Receivables from non-customers:			
A. Cash and fully secured accounts	340		830
B. Partly secured and unsecured accounts	350	600	830
6. Securities purchased under agreements to resell	360	605	840
7. Securities and spot commodities owned, at market value:			
A. Bankers acceptances, certificates of deposit and commercial paper	370		
B. U.S. and Canadian government obligations	380		
C. State and municipal government obligations	390		
D. Corporate obligations	400		

OMIT PENNIES

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER **WM. V. FRANKEL & CO., INC.**

as of 9/30/06

STATEMENT OF FINANCIAL CONDITION

		ASSETS			
		Allowable	Non-Allowable	Total	
E. Stocks and warrants	\$ 1,658,870	410			
F. Options		420			
G. Arbitrage		422			
H. Other securities		424			
I. Sport commodities		430		\$ 1,658,870	850
8. Securities owned not readily marketable:					
A. At Cost	\$ 130	440	\$ 610		860
9. Other investments not readily marketable:					
A. At Cost	\$ 140				
B. At estimated fair value		450	620		870
10. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:					
A. Exempted securities ..	\$ 150				
B. Other	\$ 160	460	630		880
11. Secured demand notes-market value of collateral:					
A. Exempted securities ..	\$ 170				
B. Other	\$ 180	470	640		890
12. Memberships in exchanges:					
A. Owned, at market value	\$ 190				
B. Owned at cost			650		
C. Contributed for use of company, at market value			660		900
13. Investment in and receivables from affiliates, subsidiaries and associated partnerships		480	2,224,881	670	2,224,881 910
14. Property, furniture, equipment, leasehold improvements and rights under lease agreements:					
At cost (net of accumulated depreciation and amortization)		490	10,922	680	10,922 920
15. Other Assets:					
A. Dividends and interest receivable		500		690	
B. Free shipments		510		700	
C. Loans and advances		520	68,632	710	
D. Miscellaneous		530	18,017	720	86,649 930
16. TOTAL ASSETS	\$ 2,100,255	540	\$ 2,322,452	740	\$ 4,422,707 940

OMIT PENNIES

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER **WM. V. FRANKEL & CO., INC**

as of 9/30/06

STATEMENT OF FINANCIAL CONDITION

LIABILITIES AND OWNERSHIP EQUITY (continued)

Liabilities	A.I. Liabilities*	Non-A.I. Liabilities*	Total
17. Bank loans payable:			
A. Includable in "Formula for Reserve Requirements"	\$ 1030	\$ 1240	\$ 1460
B. Other.....	1040	1250	1470
18. Securities sold under repurchase agreement....		1260	1480
19. Payable to brokers or dealers and clearing organizations:			
A. Failed to receive:			
1. Includable in "Formula for Reserve Requirements"	1050	1270	1490
2. Other.....	1060	37,383 1280	37,383 1500
B. Securities loaned:			
1. Includable in "Formula for Reserve Requirements"	1070		1510
2. Other.....	1080	1290	1520
C. Omnibus accounts:			
1. Includable in "Formula for Reserve Requirements"	1090		1530
2. Other.....	1095	1300	1540
D. Clearing organizations:			
1. Includable in "Formula for Reserve Requirements"	1100		1550
2. Other.....	1105	1310	1560
E. Other:	1110	1320	1570
20. Payable to customers:			
A. Securities accounts-including free credits of\$ 950	1120		1580
B. Commodities accounts	1130	1330	1590
21. Payable to non customers:			
A. Securities accounts	1140	1340	1600
B. Commodities accounts	1150	1350	1610
22. Securities sold not yet purchased at market value-including arbitrage of\$ 960		68,345 1360	68,345 1620
23. Accounts payable and accrued liabilities and expenses:			
A. Drafts payable	1160		1630
B. Accounts payable	10,291 1170		10,291 1640
C. Income taxes payable	1180		1650
D. Deferred income taxes		1370	1660
E. Accrued expenses and other liabilities	44,518 1190		44,518 1670
F. Other	1200	1380	1680

OMIT PENNIES

*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER **WM V FRANKEL & CO., INC**

as of 9/30/06

STATEMENT OF FINANCIAL CONDITION

LIABILITIES AND OWNERSHIP EQUITY (continued)

Liabilities	A.I. Liabilities*	Non-A.I. Liabilities*	Total
24. Notes and mortgages payable:			
A. Unsecured	\$ 1210		\$ 1690
B. Secured	\$ 1211	\$ 1390	\$ 1700
25. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		\$ 1400	\$ 1710
1. from outsiders ²⁴ \$ 970			
2. Includes equity subordination (15c3-1(d)) of \$ 980			
B. Securities borrowings, at market value from outsiders \$ 990		\$ 1410	\$ 1720
C. Pursuant to secured demand note collateral agreements		\$ 1420	\$ 1730
1. from outsiders \$ 1000			
2. Includes equity subordination (15c3-1(d)) of \$ 1010			
D. Exchange memberships contributed for use of company, at market value		\$ 1430	\$ 1740
E. Accounts and other borrowings not qualified for net capital purposes		\$ 1440	\$ 1750
26. TOTAL LIABILITIES	\$ 54,809 1230	\$ 105,728 1450	\$ 160,537 1760
Ownership Equity			
27. Sole Proprietorship			\$ 1770
28. Partnership-limited partners	\$ 1020		\$ 1780
29. Corporation:			
A. Preferred stock			\$ 1791
B. Common stock		\$ 400,000	\$ 1792
C. Additional paid-in capital		\$ 1,000,000	\$ 1793
D. Retained earnings		\$ 3,025,612	\$ 1794
E. Total		\$ 4,425,612	\$ 1795
F. Less capital stock in treasury		\$ (163,442)	\$ 1796
30. TOTAL OWNERSHIP EQUITY			\$ 4,262,170 1800
31. TOTAL LIABILITIES AND OWNERSHIP EQUITY			\$ 4,422,707 1810

OMIT PENNIES

*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

WM. V. FRANKEL & CO., INC.

STATEMENT OF EARNINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2006

REVENUE

Principal Transactions - Trading	2,207,719
Other Revenue	154
TOTALS	<u>2,207,873</u>

EXPENSES

Employee Compensation and Benefits	1,290,742
Communications	58,782
Occupancy Expenses	154,316
Clearance Charges	142,943
Promotional Costs	51,097
Other Operating Expenses	1,030,173
TOTALS	<u>2,728,053</u>

<u>Net Income (Loss) Before Federal Income Tax</u>	(520,180)
Federal Income Tax (Note 1)	-
<u>Net (Loss) After Provision for Federal Income Tax</u>	<u>(520,180)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

WM. V. FRANKEL & CO., INC.
 STATEMENT OF STOCKHOLDERS' EQUITY
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>TOTAL</u>	<u>COMMON STOCK</u>	<u>ADDITIONAL PAID-IN CAPITAL</u>	<u>CAPITAL STOCK IN TREASURY</u>	<u>RETAINED EARNINGS</u>
<u>Balance</u> - October 1, 2004	\$ 4,782,350	400,000	1,000,000	(163,442)	3,545,792
Deduct:					
Net Loss	(520,180)				(520,180)
<u>Balance</u> - September 30, 2005	<u>4,262,170</u>	<u>400,000</u>	<u>1,000,000</u>	<u>(163,442)</u>	<u>3,025,612</u>

WM. V. FRANKEL & CO., INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES

Net Loss For The Year		\$ (520,179)
Adjustments to Reconcile Net Income to Net Cash Used for Operations		
Decrease in Receivables From Brokers or Dealers	65,886	
Decrease in Other Assets	414,849	
Increase in Payables to Brokers or Dealers	11,063	
Decrease in Accounts Payable and Accrued Expenses Payable	(16,346)	
Decrease in Payables Non-Customers	<u>(7,200)</u>	

		<u>468,232</u>
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		(51,947)
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CASH FLOWS FROM INVESTING ACTIVITIES

Increase in Securities Owned (Net)		<u>(137,018)</u>
------------------------------------	--	------------------

		(137,018)
--	--	-----------

		(188,965)
--	--	-----------

		<u>450,185</u>
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		<u><u>261,220</u></u>
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

(1) Summary of Significant Accounting Policies:

Accounting for securities transactions is on a settlement date basis (normally three business days after trade date).

The corporation and shareholders have elected, effective January 1, 2000, to be treated as a Subchapter S corporation under applicable Federal and New Jersey State law.

Accordingly no provision has been made for Federal Corporation Income Tax.

(2) Capital Stock:

Capital Stock consists of the following:

Common Stock without par value

Authorized 2,500 shares

Issued and Outstanding 2,239 shares

(3) Net Capital Requirements:

The Company is subject to the uniform net capital rule (Rule 15c3-1) of the Securities Exchange Act of 1934 which requires that the company maintain a ratio of aggregate indebtedness to net capital as defined, not to exceed 15 to 1. At September 30, 2006 the corporation's net capital was \$1,528,842 whereas the required net capital was \$1,000,000. Total aggregate indebtedness was \$54,809 and the percentage of aggregate indebtedness to net capital was 4% compared to a maximum allowable percentage of 1,500%.

(4) General Business:

The corporation was incorporated in the State of New Jersey on June 14, 1978 to succeed to the business of Wm. V. Frankel & Co., Inc., a New York Corporation.

Wm. V. Frankel & co., Inc. operates one office in Jersey City, New Jersey. Their primary source of revenues is market making in low priced securities listed as part of the NASD market.

(5) William V. Frankel, Inc. is obligated under the terms of a lease, for its office space, dated May 1, 2003, expiring April 30, 2007. The yearly base rent is \$102,500.00 in addition to the cost of utilities.

(6) The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from these estimates. We do not consider any differences in these financial statements to be material.

WM. V. FRANKEL & CO., INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

- (7) The corporation maintains cash in bank accounts which, at times, may exceed federally insured limits.
- (8) Furniture, equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using accelerated methods over the estimated useful lives of the related assets.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER **WM. V FRANKEL & CO., INC.**

as of 9/30/06

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition - Item 1800	\$	4,262,170	3480
2. Deduct Ownership equity not allowable for Net Capital		()	3490
3. Total ownership equity qualified for Net Capital		4,262,170	3500
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital			3520
B. Other (deductions) or allowable credits (List)	33		3525
5. Total capital and allowable subordinated liabilities	\$	4,262,170	3530
6. Deductions and/or charges:			
A. Total nonallowable assets from			
Statement of Financial Condition (Notes B and C)	\$	2,322,452	3540
1. Additional charges for customers' and non-customers' security accounts	\$		3550
2. Additional charges for customers' and non-customers' commodity accounts			3560
B. Aged fail-to-deliver		3,047	3570
1. Number of items	29	3450	
C. Aged short security differences-less reserve of	\$	3460	3580
number of items		3470	
D. Secured demand note deficiency			3590
E. Commodity futures contracts and spot commodities - proprietary capital charges			3600
F. Other deductions and/or charges			3610
G. Deductions for accounts carried under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x)			3615
H. Total deductions and/or charges		(2,325,499)	3620
7. Other additions and/or allowable credits (List)			3630
8. Net capital before haircuts on securities positions	\$	1,936,671	3640
9. Haircuts on securities: (computed, where applicable, pursuant to 15c3-1(f)):			
A. Contractual securities commitments	\$		3660
B. Subordinated securities borrowings			3670
C. Trading and investment securities:			
1. Bankers' acceptances, certificates of deposit and commercial paper	31		3680
2. U.S. and Canadian government obligations			3690
3. State and municipal government obligations			3700
4. Corporate obligations			3710
5. Stocks and warrants		407,829	3720
6. Options			3730
7. Arbitrage			3732
8. Other securities	32		3734
D. Undue Concentration			3650
E. Other (List)			3736
Total		(407,829)	3740
10. Net Capital	\$	1,528,842	3750

OMIT PENNIES

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER **WM. V. FRANKEL & CO., INC.**

as of 9/30/06

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6 2/3% of line 19)	\$	3,653	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	1,000,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$	1,000,000	3760
14. Excess net capital (line 10 less 13)	\$	528,842	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$		3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$	54,809	3790
17. Add:			
A. Drafts for immediate credit	\$	3800	3830
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$	3810	3838
C. Other unrecorded amounts (List)	\$	3820	3853
18. Deduct: Adjustment based on deposits in Special Reserve Bank Accounts (15c3-1(c)(1)(vii))	\$		3838
19. Total aggregate indebtedness	\$	54,809	3840
20. Percentage of aggregate indebtedness to net capital (line 19 + by line 10)	%	4%	3850
21. Percentage of aggregate indebtedness to net capital after anticipated capital withdrawals (line 19 + by line 10 less item 4880 page 25)	%		3853

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

N/A

Part B

22. 2% of combined aggregate debt items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$	3870	3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	3880	3880
24. Net capital requirement (greater of line 22 or 23)	\$	3760	3760
25. Excess net capital (line 10 less 24)	\$	3910	3910
26. Percentage of Net Capital to Aggregate Debits (line 10 + by line 17 page 8)	%	3851	3851
27. Percentage of Net Capital, after anticipated capital withdrawals, to Aggregate Debits (line 10 less item 4880 page 11 + by line 17 page 8)	%	3854	3854
28. Net capital in excess of the greater of:			
A. 5% of combines aggregate debt items or \$120,000	\$	3920	3920

OTHER RATIOS

Part C

29. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	%	3860	3860
30. Options deductions/Net Capital ratio (1000% test) total deductions exclusive of liquidating equity under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) + Net Capital	%	3852	3852

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
 - 1. Minimum dollar net capital requirement, or
 - 2. 6 2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER **WM. V. FRANKEL & CO., INC.**

as of 9/30/06

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS FOR BROKER-DEALERS UNDER RULE 15c3-3 (See Rule 15c3-3, Exhibit A and Related Notes)

CREDIT BALANCES

1. Free credit balances and other credit balances in customers' security accounts (see Note A, Exhibit A, Rule 15c3-3)	46	\$	4340	
2. Monies borrowed collateralized by securities carried for the accounts of customers (see Note B)			4350	
3. Monies payable against customers' securities loaned (see Note C)			4360	
4. Customers' securities failed to receive (see Note D)			4370	
5. Credit balances in firm accounts which are attributable to principal sales to customers			4380	
6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days			4390	
7. **Market value of short security count differences over 30 calendar days old			4400	NOT APPLICABLE
8. **Market value of short securities and credits (not to be offset by logs or by debits) in all suspense accounts over 30 calendar days	47		4410	
9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days			4420	
10. Other (List)			4425	
11. TOTAL CREDITS		\$		4430

DEBIT BALANCES

12. **Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection net of deductions pursuant to Note E, Exhibit A, Rule 15c3-3	48	\$	4440	
13. Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver			4450	
14. Failed to deliver of customers' securities not older than 30 calendar days			4460	
15. Margin required and on deposit with Options Clearing Corporation for all option contracts written or purchased in customer accounts (see Note F)			4465	
16. Other (List)	48		4469	
17. **Aggregate debit items		\$		4470
18. **Less 3% (for alternative method only—see Rule 15c3-1(f)(5)(i))				4471
19. **TOTAL 14c3-3 DEBITS		\$		4472

RESERVE COMPUTATION

20. Excess of total debits over total credits (line 19 less line 11)	49	\$	4480	
21. Excess of total credits over total debits (line 11 less line 19)			4490	
22. If computation permitted on a monthly basis, enter 105% of excess of total credits over total debits			4500	
23. Amount held on deposit in "Reserve Bank Account(s)," including value of qualified securities, at end of reporting period			4510	
24. Amount of deposit (or withdrawal) including \$ 4515 value of qualified securities			4520	
25. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including \$ 4525 value of qualified securities		\$		4530
26. Date of deposit (MMDDYY)				4540

FREQUENCY OF COMPUTATION

27. Daily 4332 Weekly 4333 Monthly 4334

** In the event the Net Capital Requirement is computed under the alternative method, this "Reserve Formula" shall be prepared in accordance with the requirements of paragraph (f) of Rule 15c3-1.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER

WM. V FRANKEL & CO., INC

as of 9/30/06

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS FOR BROKER-DEALERS UNDER RULE 15c3-3 (continued)

EXEMPTIVE PROVISIONS

28. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check only one)

- | | | |
|---|---------------------------|------|
| A. (k)(1) — \$2,500 capital category as per Rule 15c3-1 | \$ | 4550 |
| B. (k)(2)(A) — "Special Account for the Exclusive Benefit of customers" maintained | EXEMPTION UNDER (k)(2)(A) | 4560 |
| C. (k)(2)(B) — All customer transactions cleared through another broker-dealer on a fully disclosed basis.
Name of clearing firm ⁵¹ | 4335 | 4570 |
| D. (k)(3) — Exempted by order of the Commission | | 4580 |

Information for Possession or Control Requirements Under Rule 15c3-3

State the market valuation and number of items of:

- | | | | |
|---|-----|------|------|
| 1. Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date) but for which the required action was not taken by respondent within the time frame specified under Rule 15c3-3. Notes A and B | \$ | NONE | 4586 |
| A. Number of items | | | 4587 |
| 2. Customers' fully paid securities and excess margin securities for which instructions to reduce possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3. Notes B, C and D | \$ | NONE | 4588 |
| A. Number of items | \$ | | 4589 |
| OMIT PENNIES | | | |
| 3. The system and procedures utilized in complying with the requirement to maintain physical possession or control of customers' fully paid and excess margin securities have been tested and are functioning in a manner adequate to fulfill the requirements of Rule 15c3-3 | Yes | 4584 | No |
| | | | 4585 |

NOTES

- A—Do not include in item one customers' fully paid and excess margin securities required by Rule 15c3-3 to be in possession or control but for which no action was required by the respondent as of the report date or required action was taken by respondent with the time frames specified under Rule 15c3-3.
- B—State separately in response to items one and two whether the securities reported in response thereto were subsequently reduced to possession or control by the respondent.
- C—Be sure to include in item two only items not arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.
- D—Item two must be responded to only with report which is filed as of the date selected for the broker's or dealer's annual audit of financial statements, whether or not such date is the end of a calendar quarter. The response to item two should be filed within 60 calendar days after such date, rather than with the remainder of this report. This information may be required on a more frequent basis by the Commission or the designated examining authority in accordance with Rule 17a-5(a)(2)(iv).

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

WM. V. FRANKEL & CO., INC.

RECONCILIATION OF COMPUTATION OF NET CAPITAL PURSUANT TO

UNIFORM NET CAPITAL RULE 15C3-1 TO CORPORATIONS

CORRESPONDING UNAUDITED FORM X-17A-5 PART II

FILING SEPTEMBER 30, 2006

Net Capital per Computation Pursuant to
Rule 17A-5

\$ 1,528,842

Net Capital Per Corporation's Unaudited
Form X-17A-5 Part II Filing

\$ 1,528,842

SANFORD BECKER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

RICHARD S. BECKER, C.P.A.
SANFORD E. BECKER, C.P.A.
GEORGE S. GETZ, C.P.A.

SANFORD BECKER, C.P.A. 1922-1994

1430 BROADWAY
NEW YORK, N.Y. 10018
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REPORT ON INTERNAL CONTROL

Board of Directors
Wm. V. Frankel & Co., Inc.

In planning and performing our audit of the financial statements of Wm. V. Frankel & Co., Inc., for the year ended September 30, 2006, 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 assurances 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 (including tests of compliance with such practices and procedures) followed by Wm. V. Frankel & Co., Inc., that we considered relevant to the objectives stated in rule 17A-5 (g), (1) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17A-3 (a) (11) and the reserve required by rule 15C3-3(e); in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17A-13; in complying with the requirements for prompt payment for securities under section 8 of Regulation T of the Board of Governors of the Federal Reserve System; and (4) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15C3-3.

The management of the Company is responsible for establishing and maintaining an internal control structure and 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 are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility and safeguarded against loss from unauthorized use or disposition and that the transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with general accepted accounting principals. Rule 17A-5 (g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in an 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 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, including procedures 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 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 indicated 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 September 30, 2006 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities Exchange Commission, 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.



New York, New York,
November 13, 2006