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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

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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 January 1, 2006 AND ENDING December 31, 2006  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Accredited Equities Inc.

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
801 Brickell Avenue, 9th Floor

Miami (City) Florida (No. and Street) (State) 33131 (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Steve H. Kanzer, President Ph: 305-789-6692  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Wade J. Bowden & Company P.C.

3150 Highway 278, Suite 105, Covington, GA 30014  
(Name - if individual, state last, first, middle name)

(Address) (City) (State) (Zip Code)

CHECK ONE:

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

**PROCESSED**

**FEB 21 2007**

**FOR OFFICIAL USE ONLY**  
**THOMSON FINANCIAL**

\*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.

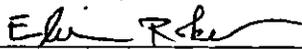
*[Handwritten signature]*

OATH OR AFFIRMATION

I, Steve Kanzer, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Accredited Equities Inc., as of December 31, 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:

ELISSA ROBERTSON  
NOTARY PUBLIC-STATE OF MICHIGAN  
COUNTY OF MONROE  
My Commission Expires Oct. 25, 2012  
Acting in the County of Washtenaw

  
Signature  
Chairman  
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.
- (o) report on internal control

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**ACCREDITED EQUITIES, INC.**

FINANCIAL STATEMENTS FOR THE YEAR ENDED  
DECEMBER 31, 2006 AND INDEPENDENT  
AUDITORS' REPORT

***Wade J Bowden & Company, P.C.***

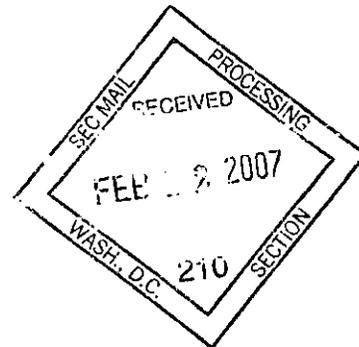
# ACCREDITED EQUITIES, INC.

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**WADE J BOWDEN & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
ACCREDITED EQUITIES, INC.

We have audited the accompanying balance sheet of Accredited Equities, Inc. as of December 31, 2006 and the related statements of income, changes in deficit 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 Accredited Equities, Inc. as of December 31, 2006, and the results of its operations and its 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 supplementary schedule 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 under the Securities 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.

*Wade J. Bowden & Company*

Atlanta, Georgia  
January 22, 2007

3150 HWY 278, SUITE 105  
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FAX 678-868-1411  
[WBOWDEN@MINDSPRING.COM](mailto:WBOWDEN@MINDSPRING.COM)

# ACCREDITED EQUITIES, INC.

## BALANCE SHEET December 31, 2006

### ASSETS

<b>CURRENT ASSETS:</b>		
Cash (Note 1)	\$	95,159
Prepaid expenses		128
<b>TOTAL</b>	<b>\$</b>	<b>95,287</b>

### LIABILITIES AND STOCKHOLDER'S EQUITY

<b>CURRENT LIABILITY -</b>		
Accounts payable and accrued expenses	\$	6,103
<b>Total liabilities</b>		<b>6,103</b>
<b>STOCKHOLDER'S EQUITY:</b>		
Capital stock		1
Additional paid-in capital		127,354
Deficit		(38,171)
<b>Total stockholder's equity</b>		<b>89,184</b>
<b>TOTAL</b>	<b>\$</b>	<b>95,287</b>

See Independent Auditors' Report and  
Notes to Financial Statements.

# ACCREDITED EQUITIES, INC.

## STATEMENTS OF INCOME AND CHANGES IN DEFICIT FOR THE YEAR ENDED DECEMBER 31, 2006

<b>REVENUE</b>	<b>\$ 1,035,544</b>
<b>EXPENSES:</b>	
Commissions and fees	961,650
Legal and professional fees	13,350
Rent	11,000
Taxes, licenses and permits	8,889
Consulting	5,584
Printing and reproduction	695
Office expenses	395
Insurance	375
Dues and subscriptions	305
Postage and delivery	186
Auto expenses	108
Bank charges	100
Total expenses	<b>1,002,637</b>
<b>NET INCOME</b>	<b>32,907</b>
<b>DEFICIT, JANUARY 1</b>	<b>(71,078)</b>
<b>DEFICIT, DECEMBER 31</b>	<b>\$ (38,171)</b>

See Independent Auditors' Report and  
Notes to Financial Statements.

# ACCREDITED EQUITIES, INC.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2006

<b>OPERATING ACTIVITIES:</b>	
Net income	\$ 32,907
Adjustments to reconcile net income to net cash provided by operating activities:	
Decrease in prepaid expenses	35
Increase in payables	918
Net cash provided by operating activities	33,860
<b>FINANCING ACTIVITIES -</b>	
Contributed capital	20,000
<b>NET INCREASE IN CASH</b>	<b>53,860</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>41,299</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 95,159</b>

See Independent Auditors' Report and  
Notes to Financial Statements.

# ACCREDITED EQUITIES, INC.

## NOTES TO FINANCIAL STATEMENTS

### 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Nature of Business

Accredited Equities, Inc. (the "Company") was incorporated in Delaware on November 6, 2000. The Company is a broker-dealer, which was formed for the purpose of registering as a National Association of Securities Dealers, Inc. ("NASD") broker-dealer. In 2001, the Company reached an agreement with NASD to engage only in the business set forth as follows:

"The firm will engage in the business of structuring private placements of both debt and equity securities, on the client's behalf and act as a mergers and acquisitions consultant on a fee for service basis."

#### Income Taxes

The Company is a Subchapter S Corporation for income tax reporting purposes and, as such, is not subject to income tax. Accordingly, no provision for income taxes is provided in the financial statements.

#### Estimates

The presentation of 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 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.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company defines cash equivalents as highly liquid investments with original maturities of less than ninety days that are not held for sale in the ordinary course of business.

#### Revenue Recognition

The Company recognizes revenue when fees are billed to clients for services rendered, and has determined the fees to be collectible.

#### Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts, which, at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk for cash.

**2. COMMISSIONS**

In January 2006, the Company entered into a placement agency agreement with Pipex Therapeutics, Inc. ("Pipex"), a related party, to introduce its client to potential qualified investors to purchase units consisting of shares of the common stock and warrant to purchase common stock for a per unit purchase price of \$100,000. The agreement was effective until January 26, 2006. The terms of the agreement calls for a 7.5% cash commission earned on the aggregate purchase price of units sold and a warrant to acquire shares of stock of Pipex equal to 10% of the number of units sold. Commissions earned were paid to the Company during the twelve months following the closing date of the offering. The president and sole stockholder and the managing director of the Company are directors and majority stockholders of the related company. For the year ended December 31, 2006, the Company recognized \$960,544 in commission revenue under the agreement and provided a non-accountable expense allowance of \$75,000. The Company was also allocated 3,100,000 warrants to purchase common stock of Pipex at an exercise price of \$0.74 per share. All of these warrants were distributed to the selling group.

**3. NET CAPITAL REQUIREMENTS**

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 and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2006, the Company had net capital of \$89,056, which was \$84,056 in excess of its required net capital of \$5,000. The Company's percentage of aggregate indebtedness to net capital was 6.85%.

**4. RELATED PARTY TRANSACTIONS**

In April 2006, the Company entered into an expense sharing agreement with a related company. The president and sole stockholder of the Company is the sole stockholder of the related company. The agreement provides for office services to be rendered on a month-to-month basis. The Company charged \$11,000 to operations under this agreement for the year ended December 31, 2006 and is reflected on the statement of operations as rent expense.

Also see Note 2 for additional related party transactions.

**5. EXEMPTIVE PROVISION**

The Company meets all of the requirements for exemption from SEC Rule 15c3-3 with regard to the computation for determination of reserve requirements. The Company does not hold funds or securities for, or owe money or securities to, customers.

# ACCREDITED EQUITIES, INC.

## COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION

AS OF DECEMBER 31, 2006

<b>SCHEDULE 1</b>	
<b>TOTAL STOCKHOLDER'S EQUITY QUALIFIED FOR NET CAPITAL</b>	<b>\$ 89,184</b>
<b>DEDUCTIONS AND/OR CHARGES:</b>	
Nonallowable asset - prepaid expenses	128
<b>NET CAPITAL</b>	<b>89,056</b>
<b>AGGREGATE INDEBTEDNESS:</b>	
Accounts payable and accrued liabilities	6,103
<b>COMPUTATION OF BASIC NET CAPITAL REQUIREMENT -</b>	
Minimum dollar net capital requirement	5,000
Excess net capital	84,056
Excess net capital at 1,000 percent	88,446
Percentage of aggregate indebtedness to net capital	6.85%

There is no difference in the above computation and the Company's net capital, as reported in Company's Part II (unaudited) FOCUS report as of December 31, 2006.

See Independent Auditors' Report

**WADE J BOWDEN & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS  
**REPORT ON INTERNAL CONTROL**

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**REQUIRED BY**  
**SECURITIES EXCHANGE COMMISSION (SEC) RULE 17A-5**  
**FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM**  
**(SEC) RULE 15C3-3**

Board of Directors  
ACCREDITED EQUITIES, INC.

In planning and performing our audit of the financial statements and supplementary schedule of Accredited Equities, Inc. (the "Company"), as of and for the year ended December 31, 2006, we considered its internal control, including control activities 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 assurance on 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
2. Recordation of differences required by Rule 17a-13
3. 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 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 accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

See Independent Auditors' Report and  
Notes to Financial Statements.

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Because of inherent limitations in any internal control or the practices and procedures referred to above, errors 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 the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud 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, including control activities for safeguarding securities that we consider to be material weakness 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 were adequate as of December 31, 2006 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, 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 used by anyone other than these specified parties.

*Wade J. Boudin & Company*

Atlanta, Georgia  
January 22, 2007

See Independent Auditors' Report and  
Notes to Financial Statements.

*END*