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

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

SEC FILE NUMBER  
8- 048962

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: Waveland Capital Partners, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY  
FIRM I.D. NO.

PROCESSED  
MAR 12 2007

19800 MacArthur Blvd., Suite 650  
(No and Street)  
Irvine CA 92612  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Michael J. Greer (949) 706-5000  
(Area Code - Telephone Number)

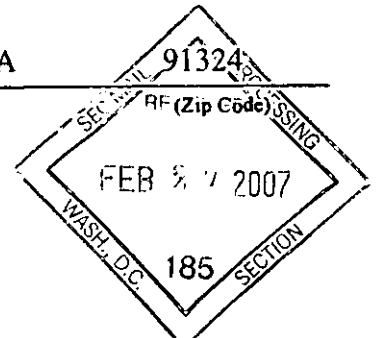
**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Breard & Associates, Inc., Certified Public Accountants

(Name - if individual, state last, first, middle name)  
9221 Corbin Avenue Suite 170 Northridge CA  
(Address) (City) (State)

**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)

12/3/07

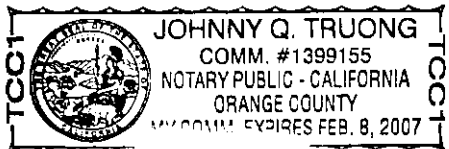
OATH OR AFFIRMATION

I, Michael J. Greer, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Waveland Capital Partners, LLC, 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:

State of California
County of Orange
Subscribed and sworn (or affirmed) to before me this 1st day of February, 2007

Signature: [Handwritten Signature]
Title: President

[Handwritten 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 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 15c3-3 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).

**Waveland Capital Partners, LLC**

**Report Pursuant to Rule 17a-5 (d)**

**Financial Statements**

**For the Year Ended December 31, 2006**



**BREARD & ASSOCIATES, INC.**  
Certified Public Accountants

Independent Auditor's Report

Board of Member's  
Waveland Capital Partners, LLC:

We have audited the accompanying statement of financial condition of Waveland Capital Partners, LLC (the "Company") as of December 31, 2006, and the related statements of income, changes in member'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 Waveland Capital Partners, LLC 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 Schedules I, II, and III 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.



Breard & Associates, Inc.  
Certified Public Accountants

Northridge, California  
February 1, 2007

*We Focus & Care*<sup>SM</sup>

**Waveland Capital Partners, LLC**  
**Statement of Financial Condition**  
**December 31, 2006**

**Assets**

Cash and cash equivalents	\$ 635,255
Commission receivable	42,336
Accounts receivable	10,984
Prepaid expenses	2,987
Commissions advanced	<u>116,373</u>
<b>Total assets</b>	<b><u>\$ 807,935</u></b>

**Liabilities and Member's equity**

<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ 163,128
Commissions payable	<u>1,334</u>
<b>Total liabilities</b>	164,462
<b>Member's equity</b>	<u>643,473</u>
<b>Total liabilities and Member's equity</b>	<b><u>\$ 807,935</u></b>

*The accompanying notes are an integral part of these financial statements.*

**Waveland Capital Partners, LLC**  
**Statement of Income**  
**For the Year Ended December 31, 2006**

**Revenue**

Fee revenue	\$ 6,307,928
Other revenue	54,145
Interest income	<u>22,633</u>
<b>Total revenue</b>	<b>6,384,706</b>

**Expenses**

Commission expense	2,928,654
Selling expense	36,675
Occupancy and equipment rental	58,666
Communications	8,787
Administrative expense allocated	374,638
Other operating expense	<u>235,108</u>
<b>Total expenses</b>	<b><u>3,642,528</u></b>

**Income (loss) before income tax provision**      2,742,178

**Income tax provision**      12,090

**Net income (loss)**      **\$ 2,730,088**

*The accompanying notes are an integral part of these financial statements.*

**Waveland Capital Partners, LLC**  
**Statement of Changes in Member's Equity**  
**For the Year Ended December 31, 2006**

	<u>Member's Equity</u>
Balance at December 31, 2005	\$ 363,385
Net income (loss)	2,730,088
Member's distributions	<u>(2,450,000)</u>
Balance at December 31, 2006	<u>\$ 643,473</u>

*The accompanying notes are an integral part of these financial statements.*

**Waveland Capital Partners, LLC**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2006**

<b>Cash flows from operating activities:</b>		
Net income (loss)		\$ 2,730,088
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
(Increase) decrease in:		
Deposit with clearing firm	\$ 3,500	
Accounts receivable	984	
Prepaid expense	(1,007)	
Commissions receivable	(9,860)	
Commissions advanced	(116,373)	
(Decrease) increase in:		
Accounts payable	149,482	
Commissions payable	<u>(35,735)</u>	
Total adjustments		<u>(9,009)</u>
<b>Net cash and cash equivalents provided by (used in) operating activities</b>		<b>2,721,079</b>
<b>Cash flows from investing activities:</b>		<b>-</b>
<b>Cash flows from financing activities:</b>		
Member's distributions	<u>(2,450,000)</u>	
<b>Net cash and cash equivalents provided by (used in) financing activities</b>		<b><u>(2,450,000)</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>271,079</b>
<b>Cash and cash equivalents at beginning of year</b>		<b><u>364,176</u></b>
<b>Cash and cash equivalents at end of year</b>		<b><u><u>\$ 635,255</u></u></b>

**Supplemental disclosure of cash flow information:**

Cash paid during the year for		
Interest	\$ -	
Income taxes		\$ 12,590

*The accompanying notes are an integral part of these financial statements.*



**Waveland Capital Partners, LLC**  
**Notes to Financial Statements**  
**December 31, 2006**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*General*

Waveland Capital Partners, LLC (“the Company”) was organized on August 8, 1995 under the name Mercer Global Securities, LLC. In September 2001 the Company was sold to United Equity Holdings, LLC who changed its name to Waveland Securities, LLC. On March 28, 2005, Waveland Securities, LLC changed its name to Waveland Capital Partners, LLC. The Company is a registered broker/dealer in securities under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. (“NASD”) and the Securities Investors Protection Corporation (“SIPC”).

The Company conducts business on a fully disclosed basis whereby the execution and clearance of trades are handled by National Financial Services (“NFS”).

The Company is a privately held full-service brokerage firm that specializes in individual portfolio management. The Company is a fully disclosed broker/dealer, whereby all transactions for the accounts of customers are cleared through NFS.

The Company is a wholly-owned subsidiary of Waveland Capital Group (the “Parent”) and is affiliated through common ownership to Waveland Management Group.

*Summary of Significant Accounting Policies*

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents include amounts on deposit with financial institutions and investments maturing within 90 days.

Fee revenue, which result from the Company providing investment advisory services for the sale of limited partnership or membership interests under private offerings in the medial device or oil and gas industry and the structuring of joint ventures, are recorded as they are earned.

Marketing costs are expensed as incurred. For the year ended December 31, 2006 the Company charged \$11,247 to selling expense for marketing.

**Waveland Capital Partners, LLC**  
**Notes to Financial Statements**  
**December 31, 2006**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

The Company maintains cash balances with a financial institution. Management performs periodic evaluations of the relative credit standing of the institution. The Company has not sustained any material credit losses from these institutions.

**Note 2: INCOME TAXES**

Effective May 29, 2001, the Company elected to be taxed as a Limited Liability Company (LLC) in the state of California. Accordingly, revenues and expenses are reported on the Member's individual income tax returns, and no provision for federal income taxes is included in the Company's financial statements.

The state of California imposes a gross receipts tax on limited liabilities companies operating in California and a minimum franchise tax. For the year ended December 31, 2006 these taxes amounted to \$12,090.

**Note 3: RELATED PARTY TRANSACTIONS**

The Company conducts certain related party transactions with the Parent and Waveland Management Group. During the year ended December 31, 2006, the Company was charged \$374,638 in allocated expenses by Waveland Management Group, which serves as an administrative cost center. These reimbursements are made in accordance with an expense reimbursement agreement. Included in those charges are the services, and related payroll costs, of administrative staff for the Company, which has no employees on its payroll.

For the year ended December 31, 2006, approximately seventy (70) percent of fee revenues earned by the Company were related to securities transactions introduced on behalf of the Parent.

**Note 4: COMMISSIONS ADVANCED**

During the course of the year ended December 31, 2006, the Company advanced commissions earned by certain outside representatives on various private equity placements. The Company expects to clear the remainder of those advances in 2007 through the collection of commissions due from the subject companies benefitting from the private equity funding. At December 31, 2006, the outstanding commissions advanced was \$116,373.

**Waveland Capital Partners, LLC**  
**Notes to Financial Statements**  
**December 31, 2006**

**Note 5: CONTINGENT LIABILITY**

The Company is a cross guarantor with affiliated entities on the following note agreements, dated June 23, 2006, with City National Bank:

<u>Description</u>	<u>Due Date</u>	<u>Interest rate</u>	<u>Amount available</u>	<u>Note balance</u> 12/31/06
Term note	9/29/09	Bank prime rate	\$650,000	\$595,833
Revolving credit	6/23/07	Bank prime rate, plus ½%	\$500,000	\$380,000

The notes are carried on the books of Waveland Capital Group, the Parent.

**Note 6: RECENTLY ISSUED ACCOUNTING STANDARDS**

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The evaluation of a tax position in accordance with FIN 48 is a two-step process. The first step is to determine whether it is more-likely-than-not that a tax position will be sustained upon examination based on the technical merits of the position. The second step is measurement of any tax position that meets the more-likely-than-not recognition threshold to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. FIN 48 also provides guidance on the de-recognition of uncertain positions, financial statement classification, accounting for interest and penalties, accounting for interim periods and new disclosure requirements. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the impact that the adoption of FIN 48 will have on its financial position and results of operations. However, the impact is not expected to be material.

In September 2006, the FASB issued Statement of Accounting Financial Standards ("SFAS") No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. The company is currently evaluating the new standard. However, adoption of SFAS 157 is not expected to have a material effect on the Company's financial statements.

**Waveland Capital Partners, LLC**  
**Notes to Financial Statements**  
**December 31, 2006**

**Note 6: RECENTLY ISSUED ACCOUNTING STANDARDS**  
**(Continued)**

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements Nos. 87, 106, and 132(R)" ("SFAS 158"). SFAS 158 requires companies to recognize on a prospective basis the funded status of their defined benefit pension and postretirement plans as an asset or liability and to recognize changes in that funded status in the year in which the changes occur as a component of other comprehensive income, net of tax. The effective date of the pronouncement is a function of whether the Company's equity securities are traded publicly. If the entity has publicly traded securities, the effective date is for fiscal years ending after December 15, 2006. Entities without publicly traded securities must adopt the standard for fiscal years ending after June 15, 2007. The company is currently evaluating the new standard. However, adoption of SFAS 158 is not expected to have a material effect on the Company's financial statements.

**Note 7: 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. Net capital and aggregate indebtedness change day to day, but on December 31, 2006, the Company had net capital of \$513,129, which was \$502,176 in excess of its required net capital of \$10,953; and the Company's ratio of aggregate indebtedness (\$164,462) to net capital was 0.32 to 1, which is less than the 15 to 1 maximum ratio allowed for a broker/dealer.

**Waveland Capital Partners, LLC**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**As of December 31, 2006**

**Computation of net capital**

Member's equity	\$ 643,473	
<b>Total member's equity</b>		<b>\$ 643,473</b>
Less: Non-allowable assets		
Accounts receivable	\$ (10,984)	
Prepaid expenses	(2,987)	
Commissions advanced	<u>(116,373)</u>	
Total adjustments		<u>(130,344)</u>
<b>Net Capital</b>		<b>513,129</b>

**Computation of net capital requirements**

Minimum net capital requirements		
6 2/3 percent of net aggregate indebtedness	\$ 10,953	
Minimum dollar net capital required	<u>5,000</u>	
Net capital required (greater of above)		<u>10,953</u>

**Excess net capital** \$ 502,176

Ratio of aggregate indebtedness to net capital 0.32: 1

There was no material difference between net capital shown here and net capital as reported on the Company's unaudited Form X-17A-5 report dated December 31, 2006.

*See independent auditor's report.*

**Waveland Capital Partners, LLC**  
**Schedule II - Computation for Determination of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2006**

A computation of reserve requirement is not applicable to Waveland Capital Partners, LLC as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(i).

*See independent auditor's report.*

**Waveland Capital Partners, LLC**  
**Schedule III - Information Relating to Possession or Control**  
**Requirements Under Rule 15c3-3**  
**As of December 31, 2006**

Information relating to possession or control requirements is not applicable to Waveland Capital Partners, LLC as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(i).

*See independent auditor's report.*

**Waveland Capital Partners, LLC**  
**Supplementary Accountant's Report**  
**on Internal Accounting Control**  
**Report Pursuant to 17a-5**  
**For the Year Ended December 31, 2006**



**BREARD & ASSOCIATES, INC.**  
Certified Public Accountants

Board of Member's  
Waveland Capital Partners, LLC:

In planning and performing our audit of the financial statements of Waveland Capital Partners, LLC (the Company), as of and for the year ended December 31, 2006, 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 (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 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 judgements 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.

*i*

***We Focus & Care<sup>SM</sup>***

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 more than a remote likelihood that a misstatement of the entity's financial statements that is more than that 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, 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, National Association of Securities Dealers, Inc., 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.

*Breard & Associates, Inc.*

Breard & Associates, Inc.  
Certified Public Accountants

Northridge, California  
February 1, 2007