

109
3/1/07



07002339

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	January 31, 2007
Estimated average burden hours per response.....	12.00



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

SEC FILE NUMBER
8- 48390

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 01-01-06 AND ENDING 12-31-06
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: SKB Securities, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
1211 SW Fifth Avenue
Portland Oregon 97204
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
N. Thomson Bard, Jr. (503) 220-2600
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Geffen, Mesher & Company, P.C.
(Name - if individual, state last, first, middle name)

888 SW Fifth Avenue, Suite 800 Portland Oregon 97204
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED
MAR 12 2007
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)

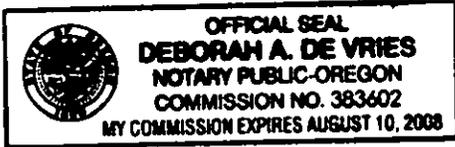
OATH OR AFFIRMATION

I, David Hull, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SKB Securities, 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:

David Hull
Signature

Chief Operating Officer
Title

Deborah A. DeVries
Notary Public



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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Operations.
- (d) Statement of Changes in Cash Flows.
- (e) Statement of Changes in Stockholders' Equity of 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 of 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) Independent Auditors' Report on Internal Accounting Control.

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

SKB SECURITIES, LLC

**FORM X-17A-5 PART IIA
OF THE FOCUS REPORT OF THE**

SECURITIES AND EXCHANGE COMMISSION

YEAR ENDED DECEMBER 31, 2006

SKB SECURITIES, LLC

TABLE OF CONTENTS

YEAR ENDED DECEMBER 31, 2006

Page

FACING PAGE AND COVER PAGE

1 Independent auditors' report

FINANCIAL STATEMENTS

2 Statement of financial condition

3 Statement of income

4 Statement of changes in member's equity

5 Statement of cash flows

6-7 Notes to financial statements

ACCOMPANYING INFORMATION

8 Computation of net capital under Rule 15c3-1
of the Securities and Exchange Commission

9 Exemption from reserve requirements under Rule 15c3-3
of the Securities and Exchange Commission

10-11 Independent auditors' report on internal accounting
control required by SEC Rule 17a-5

GEFFEN MESHER

& COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Directors
SKB Securities, LLC
Portland, Oregon

We have audited the accompanying statement of financial condition of SKB Securities, LLC as of December 31, 2006, and the related statements of income, changes in member's equity, and cash flows for the year then ended. 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 SKB Securities, 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 on pages 8 and 9 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 Commission. 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.

Geffen Masher & Company P.C.

February 14, 2007



SKB SECURITIES, LLC
STATEMENT OF FINANCIAL CONDITION

ASSETS

December 31, 2006

Cash	\$ 473,603
Prepaid expenses	29,288
Total assets	\$ 502,891

LIABILITIES AND MEMBER'S EQUITY

Accounts payable and accrued expenses	\$ 18,100
Due to related party	165,490
Total liabilities	183,590
Member's equity	319,301
Total liabilities and member's equity	\$ 502,891

SKB SECURITIES, LLC

STATEMENT OF INCOME

Year Ended December 31, 2006

Revenues

Placement fees	\$ 4,091,735
Interest income	4,288

4,096,023

Expenses

Commissions	1,393,770
Equipment expense	41,306
Delivery	4,813
Insurance	45,735
Office expense	9,095
Professional services	684,689
Promotion	79,041
Regulatory fees	42,387
Rent	110,446
Supplies and printing	25,025
Taxes and licenses	87,130
Telephone	7,268
Training and seminars	1,758
Travel and entertainment	856

2,533,319

Net income	\$ 1,562,704
-------------------	---------------------

SKB SECURITIES, LLC

STATEMENT OF CHANGES IN MEMBER'S EQUITY

	Member's equity
Balance at January 1, 2006	\$ 656,597
Net income	1,562,704
Member distributions	(1,900,000)
Balance at December 31, 2006	\$ 319,301

SKB SECURITIES, LLC

STATEMENT OF CASH FLOWS

Year Ended December 31, 2006

Cash flows from operating activities

Net income \$ 1,562,704

Change in operating assets and liabilities

Prepaid expenses (12,423)

Accounts payable and accrued expenses 16,427

Net cash provided by operating activities 1,566,708

Cash flows from financing activities

Due to related party 80,598

Member distributions (1,900,000)

Net cash used for financing activities (1,819,402)

Net decrease in cash (252,694)

Cash at beginning of year 726,297

Cash at end of year \$ 473,603

Supplemental disclosure of cash flow information

Cash paid during the year for local income taxes (\$ 35,000)

SKB SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2006

1. Line of business and summary of significant accounting policies

Line of business

SKB Securities, LLC (the "Company"), is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the National Association of Securities Dealers ("NASD"). The Company is located in Portland, Oregon and provides real estate investment banking services to customers throughout the United States.

Use of estimates

The preparation 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

Placement fee revenues are fees earned for the private placement of debt and equity securities and are recorded upon the closing of a transaction.

Concentration of credit risk

The Company has cash and cash equivalents in the form of deposits which may exceed depository insurance limits. The Company makes such deposits with high credit quality entities and has not incurred any credit related losses.

Advertising expenses

The Company expenses non-direct response advertising when incurred. Advertising expense was approximately \$43,700 in 2006.

Income taxes

The Company files consolidated tax returns with its parent. No provision has been made for federal and state income taxes, since such taxes are the liability of the individual members. The Company records its share of consolidated local income taxes on a separate return basis.

2. Net capital

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1. As a result, the minimum net capital required is the greater of \$5,000 or 1/15 of aggregate indebtedness, as defined. At December 31, 2006, the Company had net capital and required net capital of \$290,013 and \$12,239, respectively, and a ratio of aggregate indebtedness to net capital of .63 to 1. Net capital and required net capital may fluctuate on a daily basis.

SKB SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2006

3. Related party transactions

The Company is a single member LLC wholly owned by ScanlanKemperBard Companies, LLC ("SKB"). SKB is engaged in real estate merchant banking, development and investment. During 2006, the Company earned 100% of its placement fees in deals in which SKB was the operating manager.

Due to related party includes amounts owed to SKB at December 31, 2006 related to a facilities-sharing agreement and local income taxes.

Under a facilities sharing agreement, SKB provides the Company with administrative services, computer equipment and software, facilities, equipment and supplies. In consideration of the services and resources, the Company pays SKB a monthly payment based upon mutually agreed upon pro rata amounts as described in the facilities sharing agreement. SKB charged the Company approximately \$924,000 in 2006 of which \$103,000 was due to SKB at December 31, 2006.

Included in due to related party is approximately \$62,500 for local income taxes filed at the consolidated level with the Company's parent.

ACCOMPANYING INFORMATION

SKB SECURITIES, LLC

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

December 31, 2006

Net capital

Total member's equity qualified for net capital \$ 319,301

Less nonallowable assets

Prepaid expenses 29,288

Net capital \$ 290,013

Aggregate indebtedness \$ 183,590

Computation of basic net capital requirements

Minimum net capital required \$ 12,239

Excess net capital \$ 277,774

Excess of net capital at 1,000% \$ 271,653

Ratio of aggregate indebtedness to net capital 0.63 to 1

Reconciliation with Company's computation

There was no material difference between these computations and the computations included in the Part IIA of the Company's Form X-17a-5 unaudited report as of December 31, 2006.

SKB SECURITIES, LLC

EXEMPTION FROM RESERVE REQUIREMENTS UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION

YEAR ENDED DECEMBER 31, 2006

Exemptive provisions

The Company is exempt from Rule 15c3-3 because the Company does not receive or hold any customer securities or cash.

GEFFEN MESHER

& COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5

Board of Directors
SKB Securities, LLC
Portland, Oregon

In planning and performing our audit of the financial statements and supplemental schedules of SKB Securities, LLC for the year ended December 31, 2006, we considered its internal control 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 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:

Making quarterly securities examinations, counts, verifications and comparisons;

Recordation of differences required by Rule 17a-13;

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 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 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.



SKB SECURITIES, LLC

INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5 (CONTINUED)

Because of inherent limitations in internal control or 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 might become inadequate because of changes in conditions and that the effectiveness of their design and operation may deteriorate.

Our consideration of 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 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. However, we noted no matters involving internal control 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 were adequate as of December 31, 2006, to meet the SEC's objectives.

This report recognizes that it is not practicable in an organization the size of SKB Securities, LLC to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control, and that, alternatively, greater reliance must be placed on surveillance by management.

This report is intended for the use of the Board of Directors, management, the Securities and Exchange Commission and other regulatory agencies which rely on Rule 17a-5(g) under the Securities and 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.

Doffen Rubin & Company P.C.

February 14, 2007

END