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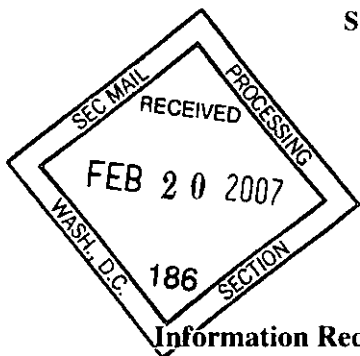


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OMB APPROVAL
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ANNUAL AUDITED REPORT FORM X-17A-5 PART III

SEC FILE NUMBER
8-66909

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: Central Securities, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

9090 DEADMAN HILL RD

CASHMERE WA 98815
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
BARRY SCHOENING (509) 782-3039
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Peterson Sullivan, PLLC

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

601 Union St Ste 2300 Seattle WA 98101
(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 22 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 240.17 a-5(e)(2)

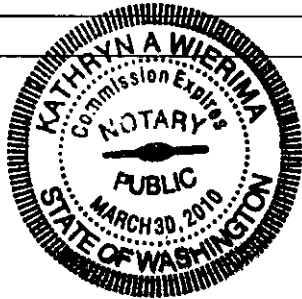
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SEC 1410 (06.02)

Handwritten initials/signature

OATH OR AFFIRMATION

I, BARRY SCHOENING, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Central 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:



Barry Schoening
Signature

PRESIDENT/PARTNER
Title

Kathryn A. Wierima
Notary Public

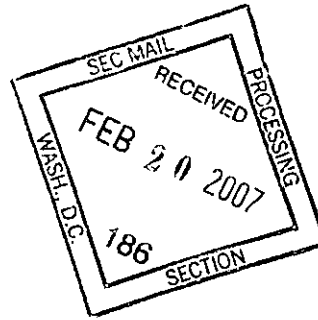
This report ** contains (check all applicable boxes):

- (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. (Not Applicable)
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3. (Not Applicable)
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3. (Not Applicable)
- (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. (Not Applicable)
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report. (Not Applicable)
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit. (Not Applicable)

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

X (O) INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5 FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3.

* RESERVE REQUIREMENT IS NOT APPLICABLE



CENTRAL SECURITIES, LLC

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2006

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CERTIFIED PUBLIC ACCOUNTANTS

601 UNION STREET, SUITE 2300

SEATTLE, WASHINGTON 98101

INDEPENDENT AUDITORS' REPORT

To the Members
Central Securities, LLC
Cashmere, Washington

We have audited the accompanying statement of financial condition of Central Securities, LLC as of December 31, 2006, and the related statements of operations, members' 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. 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 Central 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in Schedules I and II 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.

Peterson Sullivan PLLC

January 18, 2007

CENTRAL SECURITIES, LLC

STATEMENT OF FINANCIAL CONDITION

December 31, 2006

ASSETS

Cash	\$	6,204
Deposits with clearing organization		477,507
Deposits with other broker/dealer		251,465
Receivable from clearing organization		67,644
Accrued interest receivable		35,745
Securities owned, at market value		4,906,388
Prepaid expenses		1,600
		<hr/>
	\$	<u>5,746,553</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities		
Payable to clearing organization	\$	4,817,660
Accounts payable		787
		<hr/>
Total liabilities		4,818,447
Members' Equity		928,106
		<hr/>
	\$	<u>5,746,553</u>

See Notes to Financial Statements

CENTRAL SECURITIES, LLC
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2006

Revenue		
Net gains on sales of securities	\$	1,194,005
Interest and other income		288,159
		<hr/> 1,482,164
Expenses		
Salaries and payroll taxes		35,157
Ticket charges		112,965
Interest		360,151
Data subscriptions		44,813
Communications		12,404
Licenses, registrations, and taxes		16,463
Professional fees		12,435
Other		13,445
		<hr/> 607,833
Net income	\$	874,331

See Notes to Financial Statements

CENTRAL SECURITIES, LLC
STATEMENT OF MEMBERS' EQUITY
For the Year Ended December 31, 2006

Balance, December 31, 2005	\$ 864,275
Net income	874,331
Distributions	<u>(810,500)</u>
Balance, December 31, 2006	<u><u>\$ 928,106</u></u>

See Notes to Financial Statements

CENTRAL SECURITIES, LLC

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2006

Cash Flows from Operating Activities	
Net income	\$ 874,331
Adjustments to reconcile net income to net cash flows from operating activities	
Net unrealized loss on securities	41,270
Change in operating assets and liabilities	
Deposits with clearing organization	79,569
Deposits with other broker/dealer	(178,086)
Receivable from clearing organization	(22,361)
Accrued interest receivable	8,898
Securities owned	1,255,596
Prepaid expenses	8,550
Payable to clearing organization	(1,250,580)
Accounts payable	(503)
Securities sold, not yet purchased	(5,015)
	<hr/>
Net cash flows from operating activities	811,669
Cash Flows from Financing Activity	
Distributions to members	<hr/> (810,500)
Increase in cash	1,169
Cash, beginning of period	<hr/> 5,035
Cash, end of year	<hr/> <hr/> \$ 6,204
Supplemental Cash Flow Information	
Cash paid during the year for interest	<hr/> <hr/> \$ 360,151

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization

Central Securities, LLC ("the Company") is a securities broker and dealer as approved by the Securities and Exchange Commission and the National Association of Securities Dealers, Inc. The Company's activities are primarily comprised of purchasing and selling government and private label mortgage-backed securities, and holding these types of securities for the Company's own account.

As a limited liability company (or LLC), a member's liability is generally limited to contributions made to the LLC. The Company has a finite life and is scheduled to terminate in 2070.

The Company uses facilities and equipment provided by its owners (without charge). Any charges that could be allocated to the Company are not material.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash

Cash consists of cash in banks. The Company occasionally has deposits in excess of federally insured limits.

Clearing Organizations

The Company has an agreement with other securities brokers and dealers (primarily one organization) to act as clearing organizations for the Company. The clearing organizations clear all security transactions and maintain customer accounts.

The Company is required to maintain certain deposit levels with clearing organizations. The amount of the deposit depends on the agreement with the clearing organization and certain exchange market requirements. As of December 31, 2006, the Company had deposit levels with clearing organizations exceeding the requirements.

Amounts due to the clearing organizations bear interest at approximately the Federal funds rate plus 1.5% (resulting in a rate of 7% at December 31, 2006) and are secured by securities owned.

Revenue Recognition

Revenue associated with securities transactions is recognized on a trade date basis. Securities owned, securities sold but not yet purchased, and contracts to purchase securities in the future are recorded at market value and, accordingly, any changes in market value are recognized in the statement of operations. Market value is determined based on active exchanges (established exchanges and "over-the-counter" exchanges) in the United States.

Income Taxes

The Company is taxed as a partnership and, with limited exceptions, is not taxed at the Company level. Instead, its items of income, loss, deduction, and credit are passed through to its member owners in computing their individual tax liabilities.

Note 2. Securities Owned

Securities owned are composed of:

Federal National Mortgage Association	\$ 1,603,870
Federal Home Loan Mortgage Company	2,517,933
Federal Home Loan Bank	359,465
Government National Mortgage Association	158,145
Federal Farm Credit Bank	71,404
Financing Corporation (FICO)	1,774
Private label mortgage-backed securities	193,797
	<hr/>
	\$ 4,906,388

Note 3. Trading Activities and Related Risks

The Company actively trades government and private label mortgage-backed securities. Positions in these securities are subject to varying degrees of market and credit risk.

Market prices are subject to fluctuation and, as such, the Company is exposed to market risk. The fair value of the Company's investments will fluctuate in response to changes in market interest rates. Increases and decreases in prevailing interest rates generally translate into decreases and increases in fair values of those instruments. Additionally, fair values of interest rate sensitive instruments may be affected by the credit worthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, and other general market conditions. Market risk is directly impacted by the volatility and liquidity in the markets in which financial instruments are traded. The Company monitors its exposure to market risk, or its market risk profile, on a daily basis through a variety of financial, security position, and control procedures.

Credit risk is the possibility of debt securities being downgraded by the rating agencies or going into default due to non-performance by issuers. The Company minimizes inventory credit risk by trading either governmental agency securities or securities that are AAA rated by two or more debt security rating services. The Company's counterparty risk is minimized by trading only with institutional parties and by clearing trades via the Federal Wire and the Deposit Trust Company ("DTC"), which ensure settlements occur simultaneously for both sides of the trade.

The Company engages in selling of contracts to deliver at a future date or to repurchase at a future date (futures contracts). These contracts are generally used to hedge the risk associated with owning debt securities. At December 31, 2006, there were 25 futures contracts that had not been settled (notional amount of \$2,500,000). These contracts relate to United States 10-Year Treasury Notes. Net realized and unrealized gains and losses from futures contracts are included in the net gains on sales of securities in the accompanying statement of operations. For the year ended December 31, 2006, net realized and unrealized gains on futures contracts were \$30,820 and \$47,266, respectively. These amounts are included in net gains on sales of securities in the statement of operations. The deposit with other broker/dealer in the statement of financial condition is a deposit with the broker/dealer the Company uses to trade these futures contracts.

In addition to the general hedging activities, the Company may engage in other future contracts as part of its general trading strategy. During 2006, the Company engaged in short-sales of gold and recorded a net realized loss of approximately \$250,000, which is included in the net realized gains noted above.

Note 4. Subsequent Event

On January 11 and January 17, 2007, the Company's members withdrew \$30,000 and \$40,000 from the Company, respectively. The members expect to make an additional withdrawal prior to April 15, 2007, but the amount of the withdrawal is undetermined.

Note 5. Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1). Accordingly, the Company is required to maintain a minimum level of net capital (as defined) of \$100,000. At December 31, 2006, the Company had computed net capital of \$373,820, which was in excess of the required net capital level by \$273,820. In addition, the Company is not allowed to have a ratio of aggregate indebtedness to net capital (as defined) in excess of 15 to 1. At December 31, 2006, the Company's ratio of aggregate indebtedness to net capital was 0.002 to 1.

S U P P L E M E N T A R Y I N F O R M A T I O N

CENTRAL SECURITIES, LLC

SCHEDULE I
COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1
December 31, 2006

COMPUTATION OF NET CAPITAL

Members' equity		\$	928,106
Deductions			
Unsecured receivables from noncustomers	\$ 251,465		
Other assets	<u>1,600</u>		253,065
Haircuts on security positions			
United States Agency obligations and obligations of organizations established by the United States			283,779
Private label mortgage-backed securities			<u>17,442</u>
Net capital			373,820
Minimum net capital			<u>100,000</u>
Excess net capital		\$	<u><u>273,820</u></u>

COMPUTATION OF AGGREGATE INDEBTEDNESS

Accrued expenses and other liabilities	\$	<u>787</u>
Total aggregate indebtedness	\$	<u><u>787</u></u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required (6-2/3% of total aggregate indebtedness or \$100,000, whichever is greater)	\$	<u><u>100,000</u></u>
Percentage of aggregate indebtedness to net capital		0.2%
Ratio of aggregate indebtedness to net capital		0.002 to 1

Central Securities, LLC is exempt from the computation of reserve requirements pursuant to Rule 15c3-3 under paragraph K(2)(ii).

CENTRAL SECURITIES, LLC

**SCHEDULE II
RECONCILIATION BETWEEN THE COMPUTATION OF NET CAPITAL PER
THE BROKER'S UNAUDITED FOCUS REPORT, PART IIA, AND THE
AUDITED COMPUTATION OF NET CAPITAL**

December 31, 2006

Net capital per the broker's unaudited Focus Report, Part IIA, and net capital as recalculated	<u>\$ 373,820</u>
---------------------------------------------------------------------------------------------------	-------------------

No adjustments were proposed to net capital per the broker's unaudited Focus Report, Part IIA, as a result of our audit.



CERTIFIED PUBLIC ACCOUNTANTS
601 UNION STREET, SUITE 2300
SEATTLE, WASHINGTON 98101

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
REQUIRED BY SEC RULE 17a-5 FOR A BROKER-DEALER
CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3

To the Members
Central Securities, LLC
Cashmere, Washington

In planning and performing our audit of the financial statements of Central Securities, LLC ("the Company") 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, 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:

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 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 Securities and Exchange Commission'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 accordance with accounting principles generally accepted in the United States. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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 may become inadequate because of changes in conditions or 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 (which is a control deficiency, or a combination of control deficiencies, that adversely affect 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 inconsequential will not be prevented or detected by the entity's internal control), or a 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, including control activities for safeguarding securities, which 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 Securities and Exchange 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 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 at December 31, 2006, to meet the Securities and Exchange Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used by anyone other than these specific parties.

Peterson Sullivan PLLC

January 18, 2007

END