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

SEC FILE NUMBER
8- 39029

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: Dominion Investor Services, Inc. OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
1100 NW Loop 410 Suite 800

(No. and Street)

San Antonio Texas 78213
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Cameron Shropshire 800-929-5667
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Holtman, Wagner & Company L.L.P.
(Name - if individual, state last, first, middle name)

P.O. Box 311507 New Braunfels Texas 78131-1507
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED

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**THOMSON
FINANCIAL**

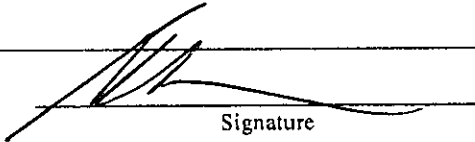
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

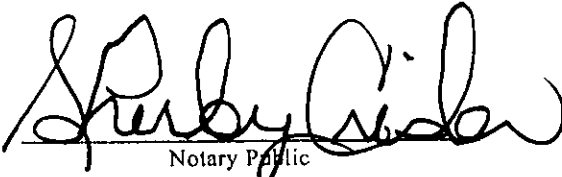
OATH OR AFFIRMATION

I, Rix C. Smith, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Dominion Investor Services, Inc., as of December 31, 20 06, 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:

Officers, directors and principals may have individual or related accounts, none of which have any cross interest with the broker dealer, and all of which are fully disclosed.


Signature

President
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 to 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).

HOLTMAN, WAGNER & COMPANY, L.L.P.
Certified Public Accountants

876 Loop 337, Building 501
New Braunfels, Texas 78130
830-625-1182
Fax 830-625-1498

INDEPENDENT AUDITORS' REPORT

Board of Directors
Dominion Investor Services, Inc.

We have audited the accompanying statements of financial condition of Dominion Investor Services, Inc., (a wholly owned subsidiary of Dominion Financial Services, Inc.) as of December 31, 2006 and 2005, and the related statements of income, changes in stockholder's equity, changes in liabilities subordinated to the claims of general creditors, and cash flows for the years 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 Dominion Investor Services, Inc. as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years 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 Schedule I 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.

Holtman Wagner & Company LLP

Holtman, Wagner & Company, L.L.P.
February 8, 2007

DOMINION INVESTOR SERVICES, INC.
(A Wholly Owned Subsidiary of Dominion Financial Services, Inc.)

Statements of Financial Condition
December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 554,234	\$ 510,742
Receivable from clearing organization	198,550	144,071
Receivable from other brokers and dealers	26,063	7,996
Accounts receivable, other	11,221	16,021
Prepaid expenses	<u>68,254</u>	<u>17,098</u>
Total current assets	858,322	695,928
Deposit with clearing organization	50,000	50,000
Fixed assets, net of accumulated depreciation	<u>18,251</u>	<u>11,833</u>
	\$ 926,573	\$ 757,761
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accrued payroll and commissions	\$ 323,417	\$ 240,244
Accounts payable, other	<u>31,038</u>	<u>12,552</u>
Total current liabilities	354,455	252,796
Stockholder's equity:		
Common stock, \$1 par value, 1,000,000 shares authorized, 1,465 shares issued and outstanding	1,465	1,465
Paid in capital	103,942	103,942
Retained earnings	<u>466,711</u>	<u>399,558</u>
Total stockholder's equity	572,118	504,965
Total liabilities and stockholder's equity	\$ 926,573	\$ 757,761

The accompanying notes are an integral part of the financial statements.

DOMINION INVESTOR SERVICES, INC.
(A Wholly Owned Subsidiary of Dominion Financial Services, Inc.)

Statements of Changes in Stockholder's Equity
For the Years Ended December 31, 2006 and 2005

	<u>Common Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance January 1, 2005	\$ 1,465	\$ 103,942	\$ 393,329	\$ 498,736
Dividends paid	-	-	(210,000)	(210,000)
Net income	-	-	216,229	216,229
Balance December 31, 2005	<u>1,465</u>	<u>103,942</u>	<u>399,558</u>	<u>504,965</u>
Dividends paid	-	-	(50,000)	(50,000)
Net income	-	-	117,153	117,153
Balance December 31, 2006	<u>\$ 1,465</u>	<u>\$ 103,942</u>	<u>\$ 466,711</u>	<u>\$ 572,118</u>

The accompanying notes are an integral part of the financial statements.

DOMINION INVESTOR SERVICES, INC.
(A Wholly Owned Subsidiary of Dominion Financial Services, Inc.)

Statements of Cash Flows
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Net income	\$ 117,153	\$ 216,229
Adjustments to reconcile net income to net cash generated by operating activities:		
Depreciation	7,410	8,506
Changes in operating assets and liabilities:		
Decrease (increase) in receivable from clearing organization	(54,479)	(3,235)
Decrease (increase) in receivables from brokers and dealers	(18,067)	5,771
Decrease (increase) in accounts receivable	4,800	22,407
Decrease (increase) in accrued interest receivable	-	521
Decrease (increase) in prepaid expenses	(51,156)	405
(Decrease) increase in accrued payroll and commissions	83,173	(25,233)
(Decrease) increase in other accounts payable	18,486	9,762
Net cash generated by operating activities	<u>107,320</u>	<u>235,133</u>
Cash flows from investing activities:		
Proceeds from sale of investments	-	125,491
Purchase of fixed assets	(13,828)	(7,952)
Net cash provided (used) by investing activities	<u>(13,828)</u>	<u>117,539</u>
Cash flows from financing activities:		
Dividends paid to parent	(50,000)	(210,000)
Net cash used by financing activities	<u>(50,000)</u>	<u>(210,000)</u>
Net increase (decrease) in cash	43,492	142,672
Cash at beginning of year	510,742	368,070
Cash at end of year	<u>\$ 554,234</u>	<u>\$ 510,742</u>

The accompanying notes are an integral part of the financial statements.

DOMINION INVESTOR SERVICES, INC.
(A Wholly Owned Subsidiary Dominion Financial Services, Inc.)

Notes to Financial Statements
December 31, 2006

Note 1-Summary of Significant Accounting Policies

Dominion Investor Services, Inc. (the Company) was formed on December 28, 1990 and is registered with the National Association of Securities Dealers (NASD). Its brokerage accounts are insured by the Securities Investors Protection Corporation (SIPC). The Company clears its securities transactions through National Financial Services Corporation, a member of the New York Stock Exchange.

Reporting Entity:

Effective January 1, 2001, the Parent Company, Dominion Financial Services (DFS) elected under the Internal Revenue Code to be taxed as an S-Corporation. Under those provisions, DFS does not pay federal corporate income taxes on its income, rather its shareholders are liable for individual income tax on their proportionate share of DFS's taxable income. DFS has made an election with the Internal Revenue Service to treat the Company as a qualified Subchapter S Subsidiary. As a result, for federal tax law purposes, the Company's assets, liabilities, and items of income and deduction are treated as being owned by DFS. Only DFS is required to file a tax return and that return includes the Company's assets, liabilities, and items of income and deduction. These financial statements include only the accounts of Dominion Investor Services, Inc.

Commission Revenue:

Commission revenue is recognized as of the settlement date and is generally the third business day following the trade date.

Management's Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

Note 2-Cash and Cash Equivalents

For purposes of statements of cash flows, the Company considers all highly liquid investments, with an original maturity of three months or less, to be cash equivalents.

Note 3-Deposit With Clearing Organization

The Company entered into an agreement with a clearing organization to execute and clear securities transactions. The agreement requires that a \$50,000 interest bearing deposit be maintained by the clearing organization.

DOMINION INVESTOR SERVICES, INC.
(A Wholly Owned Subsidiary Dominion Financial Services, Inc.)

Notes to Financial Statements
December 31, 2006

Note 7-Lease Commitments

The Company entered into a lease agreement for office space in October, 2006. The lease agreement calls for scheduled rent increases over the lease term of sixty-two months. Rent expense is calculated using the straight-line method over the term of the lease. Future minimum lease payments are as follows:

December 31, 2007	\$	70,625
December 31, 2008		70,625
December 31, 2009		70,625
December 31, 2010		70,625
December 31, 2011		64,740
	\$	<u>347,239</u>

Rent expense was \$53,255 in 2006 and \$51,691 in 2005.

Note 9-Concentrations of Receivables and Deposits

National Financial Services Corporation (NFSC) clears trades for the Company and requires that a deposit of \$50,000 be maintained at NFSC for this service. The Company has other cash and investments deposited with NFSC totaling \$508,241. In addition, NFSC owes the Company for certain December 2006 trades and other miscellaneous amounts totaling \$198,550 at December 31, 2006.

Note 10-Possession or Control Requirements

There were no material inadequacies in the procedures followed in adhering to the exemptive provisions of (S.E.C.) Rule 15c3-3 (K) (2) (ii) by promptly transmitting all customer funds and securities to the clearing broker who carries the customer accounts; therefore, the Company does not have any possession or control of customer funds or securities. Further, our independent auditors have ascertained that the conditions of the exemptions were being complied with as of the date of the audit examination and no facts came to their attention to indicate that the exemption had not been complied with during the period of their examination.

SCHEDULE I
(continued)

DOMINION INVESTOR SERVICES, INC.
(A Wholly Owned Subsidiary of Dominion Financial Services, Inc.)

**Computation of Net Capital Under SEC Rule 15c3-1
December 31, 2006**

Items included in the statement of financial condition:

Accrued payroll and benefits	\$	323,417
Other liabilities		<u>31,038</u>
Total aggregate indebtedness	\$	<u><u>354,455</u></u>

Computation of basic net capital requirement

Minimum net capital	\$	<u>50,000</u>
Excess net capital at 1000%	\$	<u><u>382,057</u></u>

Ratio: aggregate indebtedness to net capital

85%

Reconciliation of net capital to amount previously reported:

Net capital as previously reported	\$	417,502
Audit adjustments		<u>-</u>
Net capital		<u>417,502</u>
Minimum requirement		<u>(50,000)</u>
Excess net capital	\$	<u><u>367,502</u></u>

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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 the 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 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 at December 31, 2006, to meet the SEC's objectives.

This report is intended solely 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 Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purposes.

Holtman Wagner & Company LLP

Holtman, Wagner & Company, L.L.P.
February 8, 2007

END