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

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

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: **Weiss Investment Management Services LLC**

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

1055 Franklin Avenue

(No. and Street)

Garden City

(City)

New York

(State)

11530

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Arnold Barton

(516) 535-5735

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Demasco, Sena & Jahelka LLP

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

5788 Merrick Road

(Address)

Massapequa

(City)

New York

(State)

11758

(Zip Code)

CHECK ONE:

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

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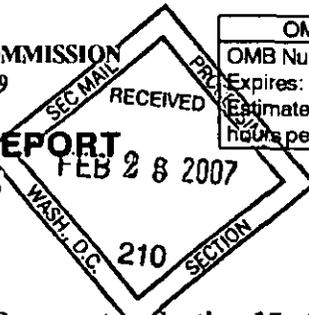
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FINANCIAL

*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)

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OATH OR AFFIRMATION

I, Arnold Barton, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Weiss Investment Management Services 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:

ROSEMARIE HUGEL
Notary Public, State of New York
No. 01HU6118477
Qualified in Nassau County
Commission Expires November 8, 2006
Rosemarie Hugel
Notary Public

Arnold Barton
Signature
MANAGING PARTNER
Title

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) ~~Statement of Financial Condition~~ **Statement of 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.

X Independent Auditors' Report on internal accounting control required by SEC Rule 17a-5.
**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

WEISS INVESTMENT
MANAGEMENT SERVICES, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2006

WEISS INVESTMENT MANAGEMENT SERVICES, LLC

TABLE OF CONTENTS

| | <u>Page No.</u> |
|---|-----------------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| FINANCIAL STATEMENTS | |
| Statements of Financial Condition | 2 |
| Statements of Operations | 3 |
| Statements of Changes in Members' Equity | 4 |
| Statements of Cash Flows | 5 |
| NOTES TO FINANCIAL STATEMENTS | 6-10 |
| SUPPLEMENTAL SCHEDULE | |
| Schedule 1 - Computation of Net Capital | 11 |



ANTHONY J. DEMASCO, CPA
VINCENT R. SENA, CPA
BOB C. JAHNELKA, CPA
CHRISTOPHER SENA, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Weiss Investment Management Services, LLC
1055 Franklin Avenue
Garden City, New York 11530

We have audited the accompanying statements of financial condition of Weiss Investment Management Services, LLC as of December 31, 2006 and December 31, 2005 and the related statements of operations, changes in members' equity and cash flows for the years 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 audits.

We conducted our audits 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 audits provide 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 Weiss Investment Management Services, LLC as of December 31, 2006 and December 31, 2005 and the results of its operations, changes in members' equity and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule 1 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 audits 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.

Demasco, Sena & Jahelka LLP

Massapequa, New York
February 20, 2007

WEISS INVESTMENT MANAGEMENT SERVICES, LLC
STATEMENTS OF FINANCIAL CONDITION

| | December 31 | |
|---|--------------|--------------|
| | 2006 | 2005 |
| ASSETS | | |
| Current assets | | |
| Cash | \$ 286,314 | \$ 229,590 |
| Deposits with clearing organizations | 212,366 | 203,980 |
| Due from other broker-dealers and and clearing organizations | 533,111 | 562,599 |
| Prepaid expenses | 109,781 | 80,723 |
| Total current assets | 1,141,572 | 1,076,892 |
| Furniture, equipment and leasehold improvements, at cost, less accumulated depreciation of \$362,430 in 2006 and \$226,195 in 2005 | 505,153 | 624,613 |
| Other assets | | |
| Security deposit | 32,130 | 32,130 |
| Total assets | \$ 1,678,855 | \$ 1,733,635 |
| LIABILITIES AND MEMBERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued expenses - Notes 3 and 6 | \$ 560,447 | \$ 325,262 |
| Commitments - Notes 7, 8 and 9 | - | - |
| Members' equity - Note 1 | 1,118,408 | 1,408,373 |
| Total liabilities and members' equity | \$ 1,678,855 | \$ 1,733,635 |

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

WEISS INVESTMENT MANAGEMENT SERVICES, LLC
STATEMENTS OF OPERATIONS

| | Year Ended December 31 | |
|--|---------------------------|-------------------|
| | <u>2006</u> | <u>2005</u> |
| Revenues | | |
| Commissions | \$ 3,368,919 | \$ 2,612,755 |
| Rent income | 36,998 | 33,568 |
| Interest | 366,473 | 172,734 |
| Other revenue | - | 149 |
| | <u>3,772,390</u> | <u>2,819,206</u> |
| Expenses | | |
| Employee compensation, benefits and payroll taxes | 1,772,450 | 1,101,156 |
| Floor brokerage, clearance and related fees and expenses | 536,367 | 341,312 |
| Occupancy costs | 208,929 | 198,114 |
| Professional fees | 118,971 | 105,853 |
| Market data, communications and other fees | 749,087 | 587,359 |
| Other operating expenses | <u>289,821</u> | <u>159,232</u> |
| | <u>3,675,625</u> | <u>2,493,026</u> |
| Income before depreciation | 96,765 | 326,180 |
| Provision for depreciation | <u>136,235</u> | <u>134,795</u> |
| Net (loss) income | <u>\$ (39,470)</u> | <u>\$ 191,385</u> |

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

WEISS INVESTMENT MANAGEMENT SERVICES, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY

| | <u>Members'</u> <u>Equity</u> | <u>Accumulated</u> <u>Deficit</u> | <u>Total</u> <u>Members'</u> <u>Equity</u> |
|--|----------------------------------|--------------------------------------|--|
| Balance, January 1, 2005 | \$ 2,041,673 | \$ (574,189) | \$ 1,467,484 |
| Capital withdrawals | (250,496) | - | (250,496) |
| Net income | - | 191,385 | 191,385 |
| Balance, December 31, 2005 | 1,791,177 | (382,804) | 1,408,373 |
| Capital withdrawals prior to reorganization | (250,495) | - | (250,495) |
| Capital transfer - Note 1 | (1,381,033) | - | (1,381,033) |
| Capital contribution | 1,381,033 | - | 1,381,033 |
| Net loss | - | (39,470) | (39,470) |
| Balance, December 31, 2006 | <u>\$ 1,540,682</u> | <u>\$ (422,274)</u> | <u>\$ 1,118,408</u> |

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

WEISS INVESTMENT MANAGEMENT SERVICES, LLC
STATEMENTS OF CASH FLOWS

| | Year Ended | |
|---|--------------------|-------------------|
| | December 31 | |
| | <u>2006</u> | <u>2005</u> |
| Cash flows provided by operating activities | | |
| Net (loss) income | \$ (39,470) | \$ 191,385 |
| Adjustments to reconcile net (loss) income to net cash from operating activities: | | |
| Depreciation | 136,235 | 134,795 |
| Gain on disposal of asset | - | (149) |
| Decrease (increase) in due from other broker-dealers and clearing organizations | 29,488 | (388,368) |
| Increase in prepaid expenses | (29,058) | (50,234) |
| Increase in deposits with clearing organizations | (8,386) | (103,352) |
| Increase in accounts payable and accrued expenses | <u>235,185</u> | <u>285,884</u> |
| Net cash provided by operating activities | <u>323,994</u> | <u>69,961</u> |
| Cash flows used in investing activities | | |
| Purchase of furniture and equipment | <u>(16,775)</u> | <u>(1,851)</u> |
| Cash flows used in financing activities | | |
| Capital contributions | 1,381,033 | - |
| Capital withdrawals | <u>(1,631,528)</u> | <u>(250,496)</u> |
| Net cash used in financing activities | <u>(250,495)</u> | <u>(250,496)</u> |
| Net increase (decrease) in cash | 56,724 | (182,386) |
| Cash, beginning of period | <u>229,590</u> | <u>411,976</u> |
| Cash, end of period | <u>\$ 286,314</u> | <u>\$ 229,590</u> |

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

WEISS INVESTMENT MANAGEMENT SERVICES, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND DECEMBER 31, 2005

1. Organization and Nature of Business

Weiss Investment Management Services, LLC (the Company) is a limited liability company formed in December 2003 under the laws of the State of New York and began operations in August 2004.

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 engaged in a single line of business as a securities broker-dealer, which includes various securities trading and brokerage activities.

In May 2006, the Company received approval of an ownership change under NASD Rule 1017. In connection therewith, effective June 30, 2006 the Company entered into a purchase agreement (the Agreement) with GWA, LLC (GWA) and WIMS Holding Company LLC (WIMS Holding) to recapitalize its business.

Under the restructured capitalization, the Company created Class A (Class A) and Class B (Class B) membership interests. Income or losses of the Company attributed to affiliates or customers of GWA is allocated to Class B. All other income or losses of the Company is allocated to Class A.

Under the terms of the Agreement, GWA became a 63% owner of Class A and a 100% owner of Class B. As consideration, GWA cancelled \$2,935,061 of existing loans made to WIMS holding, including accrued interest. WIMS Holding received the remaining 37% of Class A.

2. Summary of Significant Accounting Policies and Basis of Presentation

A. Commissions and related expenses

The Company recognizes commission income and related expenses such as floor brokerage and clearance fees on a trade date basis.

WEISS INVESTMENT MANAGEMENT SERVICES, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2006 AND DECEMBER 31, 2005

B. Cash

The Company maintains its cash in bank deposit or brokerage accounts that, at times, may exceed insured limits. The Company has not experienced any losses in such accounts or instruments. The Company believes its cash is not exposed to any significant credit risk.

C. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in the future, actual results could differ from the estimates.

D. Liabilities subordinated to claims of general creditors

The SEC requires that broker-dealers disclose a statement of changes in liabilities subordinated to claims of general creditors for each year on which a report is issued unless no subordinated liabilities exist at any time during the years reported. During the years ended December 31, 2006 and 2005, there were no subordinated liabilities. Therefore, a statement of changes in liabilities subordinated to claims of general creditors has not been presented.

E. Income taxes

Prior to its recapitalization, the Company was treated as a "disregarded entity" for federal and state income tax purposes and was considered a division of its single member owner, WIMS Holding. All taxable income or losses were reported by WIMS Holding.

Effective with the date of recapitalization, the Company is converted to a partnership for federal and state income tax purposes. As such, the members report their share of the Company's taxable earnings or losses on their respective federal and state income tax returns. Consequently, the accompanying financial statements of the Company do not include a provision for current or deferred income taxes.

WEISS INVESTMENT MANAGEMENT SERVICES, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2006 AND DECEMBER 31, 2005

F. Furniture, equipment and leasehold improvements

Fixed assets have been recorded at cost and are being depreciated over the estimated useful lives of the related assets as follows:

| | |
|------------------------|---------------|
| Computer software | 3 years |
| Office equipment | 5 years |
| Furniture and fixtures | 7 years |
| Leasehold improvements | Term of lease |

3. Employee Benefit Plan

In 2006, the Company began participating in the defined contribution profit sharing plan of George Weiss Associates, Inc. (GWAI), an affiliate. The plan covers substantially all eligible employees. An employee shall become a participant effective as of the first day of the plan year in which such employee meets certain eligibility requirements. Employees who have completed one month of service and have attained age 21 shall be eligible to participate as of the date such employee has satisfied such requirements.

Contributions are at the discretion of the Company and are not limited to years in which the Company has current or accumulated net profit. The maximum annual contribution for 2006 is the lesser of \$33,000 or 15% of the participant's compensation. At December 31, 2006, the Company has accrued \$204,987 in profit sharing contributions.

4. Net Capital Requirement

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1). On May 3, 2006, the NASD approved the Company's election not to be subject to the Aggregate Indebtedness Standard of SEC Rule 15c3-1 (a)(1)(i). Therefore, the Company will not permit their net capital to be less than the greater of \$250,000 or 2% of aggregate debit items computed in accordance with the Formula for Determination of Reserve Requirement for Brokers and Dealers.

WEISS INVESTMENT MANAGEMENT SERVICES, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2006 AND DECEMBER 31, 2005

The Company had net capital of \$445,055 and \$624,628 at December 31, 2006 and December 31, 2005, respectively, which was \$195,055 and \$602,944 in excess of its required net capital of \$250,000 and \$21,684 at December 31, 2006 and December 31, 2005, respectively.

5. Reserve Requirement

The Company does not hold funds or securities for, nor owe money or securities to customers. Therefore, the Company is exempt from the reserve requirements as defined by the SEC under Rule 15c3-3.

6. Related Party Transactions

The Company purchases certain administrative services from GWAI, Weiss Multi-Strategy LLC (WMS) and Weiss Special Operations, LLC (WSO). Payments for these services during the years ended December 31, 2006 and 2005 were \$523,007 and \$229,469, respectively. As of December 31, 2006 and 2005, amounts due to GWAI, were \$18,886 and \$75,667 respectively. As of December 31, 2006, amounts due to WMS and WSO were \$26,286 and \$4,759, respectively.

7. Financial Instruments

In the normal course of business, the Company's activities involve the execution of various securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

8. Concentrations of Credit Risk

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker dealers, banks and other financial institutions. In the event the counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

WEISS INVESTMENT MANAGEMENT SERVICES, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2006 AND DECEMBER 31, 2005

9. Commitments

The Company conducts its operations from a facility that is leased until April 2014. Rent expense totaled \$208,929 and \$198,114 for the years ended December 31, 2006 and December 31, 2005, respectively.

At December 31, 2006, future minimum lease payments are as follows:

| Year ending December 31 | |
|----------------------------|---------------------|
| 2007 | \$ 209,227 |
| 2008 | 215,041 |
| 2009 | 221,030 |
| 2010 | 227,198 |
| 2011 | 233,551 |
| Thereafter | <u>486,931</u> |
| | <u>\$ 1,592,978</u> |

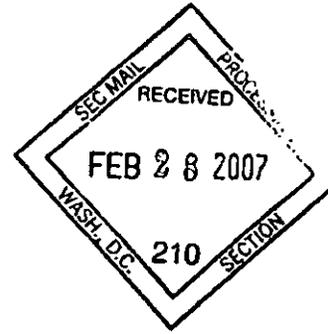
WEISS INVESTMENT MANAGEMENT SERVICES, LLC
COMPUTATION OF NET CAPITAL

Supplemental Schedule 1

| | Year Ended December 31, | |
|--|----------------------------|--------------|
| | 2006 | 2005 |
| Total members' equity from statements of financial condition (all allowable for net capital) | \$ 1,118,408 | \$ 1,408,373 |
| Deductions: | | |
| Prepaid expenses | 109,781 | 80,723 |
| Security deposit | 32,130 | 32,130 |
| Net fixed assets | 505,153 | 624,613 |
| Excess broker's bond deductible | 20,000 | 45,000 |
| Other | 6,289 | 1,279 |
| | 673,353 | 783,745 |
| Net capital before haircuts on securities positions | 445,055 | 624,628 |
| Net capital, as defined | 445,055 | 624,628 |
| Minimum net capital requirement | 250,000 | 21,684 |
| Excess net capital | \$ 195,055 | \$ 602,944 |
| Aggregate indebtedness | \$ 560,447 | \$ 325,262 |
| Ratio: Aggregate indebtedness to net capital | 1.2540 to 1 | .5207 to 1 |

The above computation of net capital was compared to the computation of net capital reported by the Company on the unaudited Focus Reports as of December 31, 2006 and December 31, 2005. There were no material differences in the computation of net capital of Weiss Investment Management Services, LLC.

See independent auditor's report.



**WEISS INVESTMENT MANAGEMENT
SERVICES, LLC**

**INDEPENDENT AUDITORS' REPORT ON
INTERNAL ACCOUNTING CONTROL**

DECEMBER 31, 2006



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 any internal control structure and the practices and procedures referred to above, misstatement due to 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 the internal control structure would not necessarily disclose all matters in the Company's 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 misstatements caused by 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 Company's internal control structure 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 SEC, the National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Act of 1934 in their regulation of registered brokers and dealers, and should not be used by anyone other than these specified parties.

Demasco, Sena & Sjahelka LLP

Massapequa, New York
February 20, 2007

END