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SECURITIES AND EXCHANGE COMMISSION

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: February 28, 2010  
Estimated average burden  
hours per response . . . 12.00

SECURITIES AND EXCHANGE COMMISSION  
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8-52915

**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:

**HRH Securities, LLC**

OFFICIAL USE ONLY

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

100 Park Avenue, 14<sup>th</sup> Floor

FIRM I.D. NO.

**New York**

(No. and Street)  
**New York**

**10017**

(City)

(State)

(Zip Code)

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

**Carolyn Jones**

**804-747-6500**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**BDO Seidman, LLP**

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

**300 Arboretum Place, Suite 520**

**Richmond**

**Virginia**

**23236**

(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 19 2007**

**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, Carolyn Jones, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HRH 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:

None



Belinda Y. Burton

Notary Public

Carolyn Jones

Signature

Treasurer

Title

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.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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).

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BDO Seidman, LLP  
Accountants and Consultants

300 Arboretum Place, Suite 520  
Richmond, Virginia 23236  
Telephone: (804) 330-3095  
Fax: (804) 330-7753

## Independent Auditors' Report

Board of Directors  
HRH Securities, LLC

We have audited the accompanying statements of financial condition of HRH Securities, LLC (a wholly owned subsidiary of Hilb Rogal & Hobbs Company) as of December 31, 2006 and 2005, and the related statements of income, changes in member's capital, and cash flows for the years then ended that you are filing pursuant to Rule 17a-5 of the Securities and 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 audits.

We conducted our audits 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 HRH Securities, LLC, as of December 31, 2006 and 2005, 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 supplementary information 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.

*BDO Seidman, LLP*

February 19, 2007

# HRH Securities, LLC

## Statements of Financial Condition

<i>December 31,</i>	2006	2005
<b>Assets</b>		
Cash and cash equivalents	\$112,873	\$67,370
Commissions receivable	11,885	11,856
Prepaid expenses	7,368	7,357
<b>Total assets</b>	<b>\$132,126</b>	<b>\$86,583</b>
<b>Liabilities and Member's Capital</b>		
<b>Liabilities</b>		
Payable to parent	\$ 16,454	\$ 9,230
Accrued expenses	14,857	14,857
<b>Total liabilities</b>	<b>31,311</b>	<b>24,087</b>
<b>Member's capital, 100 membership interest units</b>	<b>100,815</b>	<b>62,496</b>
<b>Total liabilities and member's capital</b>	<b>\$132,126</b>	<b>\$86,583</b>

*See accompanying notes to financial statements.*

# HRH Securities, LLC

## Statements of Income

<i>Year Ended December 31,</i>	2006	2005
<b>Revenues</b>		
Commissions	\$1,070,950	\$924,586
<b>Expenses</b>		
Miscellaneous	46,710	45,813
Income before income taxes	1,024,240	878,773
Income tax expense (Note 4)	-	-
<b>Net income</b>	<b>\$1,024,240</b>	<b>\$878,773</b>

*See accompanying notes to financial statements.*

# HRH Securities, LLC

## Statements of Changes in Member's Capital

	Member's Capital
<b>Balance at December 31, 2004</b>	\$ 171,504
Dividends paid	(987,781)
Net income	878,773
<b>Balance at December 31, 2005</b>	62,496
Capital contribution from parent	85,000
Dividends paid	(1,070,921)
Net income	1,024,240
<b>Balance at December 31, 2006</b>	\$ 100,815

*See accompanying notes to financial statements.*

# HRH Securities, LLC

## Statements of Cash Flows

<i>Year Ended December 31,</i>	2006	2005
<b>Operating activities</b>		
Net income	\$1,024,240	\$878,773
Adjustments to reconcile net income to net cash provided by operating activities		
(Increase) decrease in commissions receivable	(29)	63,197
(Increase) decrease in prepaid expenses	(11)	(869)
Increase (decrease) in payable to parent	7,224	(436,948)
Increase (decrease) in accrued expenses	—	857
<b>Net cash provided by operating activities</b>	<b>1,031,424</b>	<b>505,010</b>
<b>Financing activities</b>		
Capital contribution from parent	85,000	—
Dividends	(1,070,921)	(987,781)
<b>Net cash used by financing activities</b>	<b>(985,921)</b>	<b>(987,781)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>45,503</b>	<b>(482,771)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>67,370</b>	<b>550,141</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 112,873</b>	<b>\$ 67,370</b>

*See accompanying notes to financial statements.*

# HRH Securities, LLC

## Notes to Financial Statements

### 1. Organization and Significant Accounting Policies

#### Organization and Operations

HRH Securities, LLC (the Company) is a New York limited liability company and wholly owned subsidiary of Hilb Rogal & Hobbs Company (HRH or member). The Company is registered as a broker/dealer in securities under the Securities and Exchange Act of 1934 and with the National Association of Securities Dealers. Prior to November 1, 2004, the Company's name was HRH Securities, Inc. and existed as a New York corporation. Effective November 1, 2004, the Company changed its name and legal structure and all amounts previously included in stockholder's equity were converted to member's capital.

The Company's primary business is to serve as an override broker/dealer engaged in receiving commissions and overrides on the sale of mutual funds, variable annuities, and variable life insurance products. In 2006, the Company participated in commission and override sharing with three fully disclosed and unaffiliated introducing broker/dealer companies. These commissions and overrides represent 100% of total revenues.

The following broker/dealer companies accounted for the noted percentage of the Company's revenues:

	2006	2005
Broker/dealer A	87%	77%
Broker/dealer B	5%	14%
Broker/dealer C	8%	7%

#### Use of 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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

#### Commissions

Commissions and overrides on security sales are recognized as income on an accrual basis when the commissions and overrides are earned by the Company.

# HRH Securities, LLC

## Notes to Financial Statements

**2. Net Capital Requirements**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum amount of net capital as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2006 and 2005, the Company had net capital of \$93,447 and \$55,139, and net capital requirements of the greater of 6 $\frac{1}{2}$  percent of aggregate indebtedness or \$5,000. The Company's net capital ratio at December 31, 2006 and 2005 was 0.34 to 1 and 0.44 to 1. The net capital rules may effectively restrict the payment of cash dividends.

**3. Related Party Matters**

The Company utilized the facilities, services, and staff of HRH and HRH's affiliates in the course of serving as a broker/dealer. HRH and HRH's affiliates provide services without charge to the Company.

**4. Income Taxes**

As of November 1, 2004, federal, state and city income taxes are not payable by the Company for income reported after November 1, 2004. As a limited liability company, income taxes are the liability of the member, and any net income or net loss is included in the member's tax returns.

There are no deferred income taxes as there are no differences in the bases of assets or liabilities for financial reporting and tax purposes.

## **Independent Auditors' Supplementary Report on Internal Control**

Board of Directors  
HRH Securities, LLC

In planning and performing our audit of the financial statements and supplemental information of HRH Securities, LLC (the Company) for the years ended December 31, 2006 and 2005, 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 17a5(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 compliance with such practices and procedures that we considered relevant to the criteria stated in rule 17a-5(g) in making the periodic computation 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 security 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,
2. Recordation of differences required by Rule 17a-13
3. 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 internal 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 criteria. Two of the criteria 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 accordance with accounting principles generally accepted in the United States. Rule 17a-5(g) lists additional criteria of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that internal control may become inadequate because of changes in conditions, or that the effectiveness of its 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 condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors 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 internal control, including control activities for safeguarding securities, and its operation that we consider to be material weaknesses as defined above.

We understand that practices and procedures that meet the criteria 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 meet such criteria 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 are adequate at December 31, 2006, to meet the SEC's criteria.

This report is intended solely for the information and use of the Board of Directors, management, the Securities and Exchange Commission, the National Association of Securities Dealers, 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.

*BDO Buidman, LLP*

February 19, 2007

# HRH Securities, LLC

## Schedule I – Computation of Net Capital and Aggregate Indebtedness Under Rule 15c3-1

December 31, 2006

<b>Aggregate indebtedness</b>		
Payable to parent		\$ 16,454
Accrued expenses		<u>14,857</u>
		<u>\$ 31,311</u>
<b>Member's capital</b>		\$100,815
Less:		
Non-allowable assets	\$7,368	
Unsecured receivables	—	
Securities haircut	—	
Net capital		<u>\$ 93,447</u>
<b>Capital requirements</b>		
Minimum net capital requirement (greater of \$5,000 or 6 2/3% aggregate indebtedness to net capital)		\$ 5,000
Net capital in excess of requirements		<u>88,447</u>
Net capital as above		<u>\$ 93,447</u>
Ratio of aggregate indebtedness to net capital		<u>34 to 1</u>

There were no material differences between the audited Computation of Net Capital included in this report and the corresponding schedule included in the Company's unaudited December 31, 2006 Part IIA FOCUS filing.

**HRH Securities, LLC**

**Schedule II – Computation for Determination of Reserve  
Requirements and Information Relating to Possession  
or Control Requirements Under Rule 15c3-3**

**December 31, 2006**

The Company claims exemption from the provisions of Rule 15c3-3 under subparagraph (k)(2)(i).

*END*