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

Table with 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

Table with SEC FILE NUMBER, 8-40375

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: Gardner Rich & Company

FINIA Gardner Rich LLC

Table with OFFICIAL USE ONLY, FIRM ID NO.

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

401 South Financial Place

(No. and Street)

Chicago

IL

(City)

(State)

100

60605

(Zip Code)

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

Christopher Gardner

(312) 922-3333

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

McGladrey & Pullen, LLP

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

One South Wacker Drive, Suite 800

Chicago

Illinois

60606-3392

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

APR 17 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).

Potential Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a current valid OMB control number.

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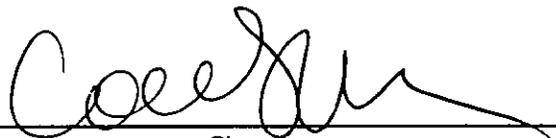
**OATH OR AFFIRMATION**

I, Collene Carlson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Gardner Rich 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.

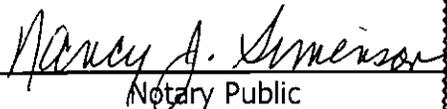
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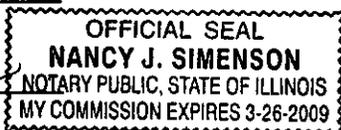
Sworn and subscribed to me on the

12th day of March 2007



Signature

  
Notary Public



Collene Carlson, President  
Title

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (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 Statement 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.
- (o) Independent Auditors' Report on Internal Control.

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

# McGladrey & Pullen

Certified Public Accountants

## Gardner Rich LLC

Statement of Financial Condition

December 31, 2006

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Filed Pursuant to Rule 17a-5(d) Under the Securities  
Exchange Act of 1934

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McGladrey & Pullen, LLP is a member firm of RSM International –  
an affiliation of separate and independent legal entities.

**Gardner Rich LLC**  
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# McGladrey & Pullen

Certified Public Accountants

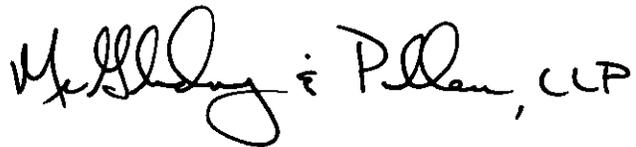
## Independent Auditors' Report

Members of  
Gardner Rich LLC

We have audited the accompanying statement of financial condition of Gardner Rich LLC (the "Company") as of December 31, 2006 that you are filing pursuant to Rule 17a-5 of the Securities and Exchange Commission. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement of financial condition referred to above presents fairly, in all material respects, the financial position of Gardner Rich LLC as of December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.



Chicago, Illinois  
March 14, 2007

**Gardner Rich LLC**  
**Statement of Financial Condition**  
**December 31, 2006**

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**Assets**

Cash and cash equivalents	\$ 216,452
Receivable from and deposit with clearing broker	56,538
Furniture, equipment and leasehold improvements - net	61,117
Other assets	<u>8,303</u>
<b>Total assets</b>	<b><u>\$ 342,410</u></b>

**Liabilities and Members' Equity**

Liabilities	
Accounts payable and accrued expenses	\$ 40,810
Liabilities subordinated to the claims of general creditors	<u>127,692</u>
Members' equity	<u>173,908</u>
<b>Total liabilities and members' equity</b>	<b><u>\$ 342,410</u></b>

**Gardner Rich LLC**  
**Notes to the Statement of Financial Condition**  
**December 31, 2006**

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**Note 1 Nature of Operations and Significant Accounting Policies**

**Nature of Operations**—Gardner Rich LLC (the "Company") is a registered securities broker-dealer, introducing transactions on a fully disclosed basis through a clearing broker. The Company has two members; the members are allocated profits and losses in accordance with the operating agreement.

**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 notes. Actual results could differ from those estimates.

**Cash Equivalents**—Cash equivalents are all highly liquid investments purchased with a maturity of three months or less.

**Furniture and Equipment**—Furniture and equipment are carried at cost and depreciated by an accelerated depreciation method over the estimated useful lives of the assets.

**Income Recognition**—Commission income and expense are recorded on trade date.

**Income Taxes**—The financial statements do not reflect any U.S. income tax provision or liability for the Company since the income or loss of the Company is includable in the Federal and state tax returns of the individual members.

**Note 2 Furniture, Equipment and Leasehold Improvements**

Furniture, equipment and leasehold improvements at December 31, 2006 consist of:

Furniture and equipment	\$ 255,054
Accumulated depreciation and amortization	<u>(193,937)</u>
Net	<u>\$ 61,117</u>

**Note 3 Liabilities Subordinated to Claims of General Creditors**

The Company has a subordinated loan agreement with a member that provides, among other things, for the payment of interest at the prime rate plus 2 percent. Subordinated borrowings are available in computing adjusted net capital under the minimum net capital requirements. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid. The loan was renewed and matures on January 31, 2008.

**Note 4 Related Party**

The Company pays consulting fees to the managing member, per agreement.

**Note 5 Commitments and Contingencies**

The Company leases office space from its managing member on a month to month basis.

An arbitration was filed with the National Association of Securities Dealers Inc. ("NASD") against the Company, its managing member and its President, asserting, among other things, breach of contract in regard to a membership Purchase Agreement. The Company has filed its answer and counterclaim alleging, among other things, breach of contract by the non-managing member. As it is early in the proceedings, management and legal counsel for the Company believe it is difficult to estimate either the outcome and amount or range of potential loss, if any, at this time. The Company's management has indicated that it intends to vigorously defend this matter.

**Note 6 Off-Balance-Sheet Credit and Market Risk**

Securities transactions of customers located primarily in the Midwest and East Coast regions of the United States are introduced to and cleared through the Company's clearing broker. Under the terms of its clearing agreement, the Company is required to guarantee the performance of its customers in meeting contracted obligations. In conjunction with the clearing broker, the Company seeks to control the risks associated with its customer activities by requiring customers to maintain collateral in compliance with various regulatory and internal guidelines. Compliance with the various guidelines is monitored daily and, pursuant to such guidelines, customers may be required to deposit additional collateral or reduce positions when necessary.

Amounts on deposit at a bank, and receivables from and on deposit with the clearing broker represent concentrations of credit risk. The Company does not anticipate nonperformance by its bank or the clearing broker. In addition, the Company has a policy of reviewing, as considered necessary, the creditworthiness of the bank and the clearing broker with which it conducts business.

**Note 7 Net Capital Requirements**

The Company is a broker-dealer subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1). Under the Rule, the Company is required to maintain "net capital" equal to \$5,000 or 6-2/3 percent of "aggregate indebtedness," whichever is greater, as these terms are defined. Net capital and aggregate indebtedness change from day to day, but at December 31, 2006, the Company had net capital and net capital requirements of approximately \$232,000 and \$5,000, respectively.

**END**