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

SEC FILE NUMBER
8-40218

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 01-01-2006 AND ENDING 12-31-2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: RoyallAlliance Associates, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

One World Financial Center, 15th Floor
(No. and Street)

New York NY 10281
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Steven E. Rothstein 770 858-6841
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

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

10 Tenth Street, Suite 1400 Atlanta GA 30309-3851
(Address) (City) (State) (Zip Code)

SEC MAIL RECEIVED
MAR 01 2007
WAS 202 SECTION

PROCESSED

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THOMSON FINANCIAL

CHECK ONE:

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

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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)

Handwritten: Kat 3/30

OATH OR AFFIRMATION

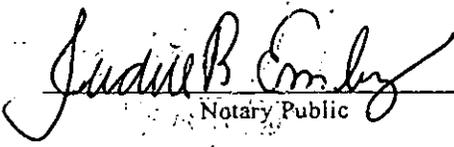
I, Steven E. Rothstein, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of _____, as of December 31, 2006, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature

Chief Financial Officer

Title



Notary Public

Judith A. Embury
Notary Public
Cobb County, GA
June 17, 2010

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 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.

(o) Report of Independent Auditors on Internal Control Required by

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3) SEC Rule 17a-5

Report of Independent Auditors

To the Stockholder and Board of Directors of
Royal Alliance Associates, Inc.:

In our opinion, the accompanying statement of financial condition and the related statements of operations, of changes in stockholder's equity and of cash flows present fairly, in all material respects, the financial position of Royal Alliance Associates, Inc. at 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 of America. 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 of these statements 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Company is a member of a group of affiliated companies and, as disclosed in the financial statements, has extensive transactions and relationships with members of the group. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Supplementary 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 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.



Atlanta, Georgia
February 28, 2007

Royal Alliance Associates, Inc.

An indirectly wholly owned subsidiary of American International Group, Inc.

Statement of Financial Condition

December 31, 2006

(in thousands of dollars, except share amounts)

Assets

Cash and cash equivalents	\$	35,398
Cash segregated under federal and other regulations		877
Receivables from investment advisors		7,735
Receivables from broker-dealers and clearing organizations		16,131
Securities owned, at market value		4,401
Securities pledged to insurance company, at market value		598
Notes and accounts receivable from registered representatives, net of allowance of \$2,376		2,884
Furniture, equipment, leasehold improvements and software, at cost, less accumulated depreciation and amortization of \$8,183		1,076
Goodwill		8,586
Intangible assets, net of accumulated amortization of \$920		2,340
Net deferred tax asset		27,281
Prepaid expenses and other assets		9,170
Total assets	\$	<u>116,477</u>

Liabilities and Stockholder's Equity

Commissions payable	\$	13,155
Securities sold, not yet purchased, at market value		747
Payables to affiliates, net		3,557
Accounts payable and accrued expenses		15,381
Income taxes payable to Parent		3,639
Total liabilities		<u>36,479</u>

Commitments and contingencies (Note 10)

Stockholder's Equity

Common stock - \$.10 par value; 1,500,000 shares authorized; 100,000 shares issued and outstanding		10
Additional paid-in capital		26,324
Retained earnings		53,664
Total stockholder's equity		<u>79,998</u>
Total liabilities and stockholder's equity	\$	<u>116,477</u>

END

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