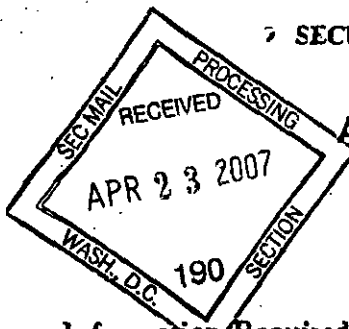




ANNUAL AUDITED REPORT
FORM X-17A-5A
PART III

SEC FILE NUMBER

8 66917

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:

A.L. WATERS CAPITAL LLC

OFFICIAL USE ONLY

FIRM ID. NO.

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

KODDOD ROAD #203

(No. and Street)

BRAUNLEE

MA

02184

(City)

(State)

(Zip Code)

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

ARLETT WATERS

781 3808888

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

SEAN ROACHE

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

96 BROADWAY

FAVATION

MA

02780

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions

PROCESSED

MAY 02 2007

THOMSON
FINANCIAL

The Commonwealth of Massachusetts

Notary Public, personally appeared

Arlett L. Waters
proved to me through satisfactory evidence of identification, which were a known individual
to be the person whose name is signed on the proceeding or attached document and
acknowledged to me that he/she signed it voluntarily for its stated purpose.

FOR OFFICIAL USE ONLY

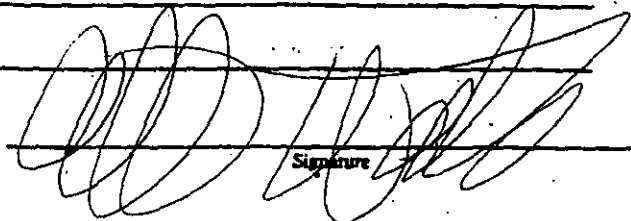
Elizabeth M. Schaffer
Elizabeth M. Schaffer, Notary Public
My Commission Expires February 14, 2014

*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).

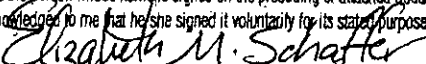
04/11

OATH OR AFFIRMATION

I, ARNETT L. WATERS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AL WATERS CAPITAL, as of 12/31, 1906, 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


Notary Public

The Commonwealth of Massachusetts
On this 20th day of April, 2007
before me, the undersigned notary public, personally appeared Arnett L. Waters
proved to me through satisfactory evidence of identification, which were a known individual
to be the person whose name is signed on the preceding or attached document and
acknowledged to me that he/she signed it voluntarily for its stated purpose.

Elizabeth M. Schaffer, Notary Public
My Commission Expires February 14, 2014

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-3(e)(3).

END