

SECURITIES COMMISSION

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

SEC FILE NUMBER
8-665760

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: HWJ CAPITAL PARTNERS II, LLC

OFFICIAL USE ONLY

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

FIRM I.D. NO.

One Park Place, Suite 620

(No. and Street)

Boca Raton,
(City)

FL
(State)

33487-8238
(Zip Code)

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

Michael E. Lewitt

(561)226-6199

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

RAMPELL & RAMPELL, P.A.

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

223 Sunset Avenue, Suite 200 Palm Beach,
(Address) (City)

FL 33480
(State) (Zip Code)

CHECK ONE:

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

PROCESSED
APR 17 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)

SEC 1410 (06-02)

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AB
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OATH OR AFFIRMATION

I, Michael E. Lewitt, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HWJ Capital Partners II, 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:

Michael E. Lewitt

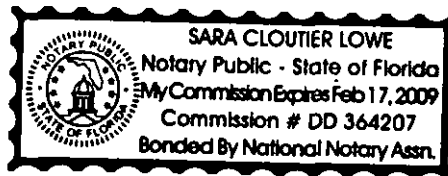
Signature

Vice President

Title

Sara Cloutier Lowe

Notary Public



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.

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

HWJ CAPITAL PARTNERS II, LLC

FINANCIAL STATEMENTS

December 31, 2006

HWJ CAPITAL II, LLC

FINANCIAL STATEMENTS

December 31, 2006

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FINANCIAL STATEMENTS

*r*²
Rampell & Rampell, P.A.

certified public accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
HWJ Capital Partners II, LLC

We have audited the accompanying balance sheet of HWJ Capital Partners II, LLC (the "Company"), as of December 31, 2006, and the related statements of income, changes in members' equity and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities 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 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 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 audit provides 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 HWJ Capital Partners II, LLC as of December 31, 2006, and the results of its operations, changes in members' equity, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in 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 and Exchange Commission 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.

Rampell & Rampell, P.A.
March 27, 2007

HWJ CAPITAL PARTNERS II, LLC

Balance Sheet

December 31, 2006

Assets

Current assets:

Marketable securities

\$ 3,190,670

Other current assets

363

Total assets

\$ 3,191,033

Liabilities and members' capital

Current liabilities:

Payable to clearing organization

\$ 257,078

Margin loan

1,807,903

Total current liabilities

2,064,981

Member's equity

1,126,052

Total liabilities and members' capital

\$ 3,191,033

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

HWJ CAPITAL PARTNERS II, LLC
Statement of Changes in Members' Equity
For the Year Ended December 31, 2006

Balance at December 31, 2005	\$ 1,574,259
Net loss	(585,138)
Members' contributions	2,394,649
Members' distributions	(2,257,718)
Balance at December 31, 2006	\$ 1,126,052

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

HWJ CAPITAL II, LLC

Notes to Financial Statements

December 31, 2006

(1) SIGNIFICANT ACCOUNTING POLICIES

Description of the Company

HWJ Capital Partners II, LLC ("the Company") (a Delaware Limited Liability Company) is a broker-dealer located in Boca Raton, Florida, with offices in California and New York. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD).

Basis of Accounting

The Company prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Marketable Securities

Marketable securities are equity securities carried at fair value determined by quoted market values. Unrealized gains and losses are included in net income.

Payable to Clearing Organization

Payable to clearing organization consists of receivables for trades not yet settled in the amount of \$1,016,163 and payables for trades not yet settled

in the amount of \$1,273,241. These amounts from unsettled trades are netted.

Securities Transactions

The Company is engaged solely in the proprietary trading of equities and bonds through a registered prime brokerage firm. Proprietary securities transactions are recorded on the trade date as if they had settled.

The Company does not render investment advice, nor does it hold itself out as a broker-dealer to the public through advertising or otherwise. The Company does not have customers, does not carry a dealer inventory of securities, and does not hold the securities of others or extend or arrange for the extension of credit in connection with the sale of securities.

Income Taxes

The Company is not a taxpaying entity for federal income tax purposes, therefore, no federal income tax expense has been recorded in the financial statements. The income is passed through on a pro-rata basis to the members who report the income on their individual returns.

(2) NET CAPITAL REQUIREMENT

The Company, as a registered broker-dealer and as a member of the National Association of Securities Dealers, Inc. (NASD), must comply with the Net Capital rule of the Securities and Exchange Commission. The Company has a capital requirement of

the greater of \$100,000 or 6 2/3% of aggregate indebtedness. The Company had net capital as computed under Rule 15c3-1 of \$237,168 which was \$99,503 in excess of the amount required to be maintained at December 31, 2006.

(3) RELATED PARTIES

Two of the members of the Company own 100% of Harch Capital Management, Inc. ("HCM") (a Florida Corporation). HCM is a registered investment advisor under the Investment Advisors Act of 1940. On July 20, 2004, the Company and HCM entered into a service agreement whereby HCM will pro-

vide to the Company employees, office space, secretarial and other overhead expenses paid for by HCM at no charge to the Company. Operating results of the Company might be significantly different if the companies were autonomous.

SUPPLEMENTARY SCHEDULES

HWJ CAPITAL PARTNERS II, LLC*Schedule I - Computation of Net Capital Under Rule 15c3-1**As of December 31, 2006*

Net capital:	
Total members' equity	\$ 1,126,052
Haircuts on securities:	
Other securities	(478,601)
Undue concentrations	(410,283)
Net capital	237,168
Minimum net capital required - 6 2/3% of aggregate indebtedness included in the balance sheet or \$100,000 whichever is greater	137,665
Excess net capital	\$ 99,503
Aggregate indebtedness	\$ 2,064,981
Ratio: Aggregate indebtedness to net capital	871%

INTERNAL CONTROL



certified public accountants

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

Board of Directors
HWJ Capital Partners II, LLC

In planning and performing our audit of the financial statements and supplemental schedules of HWJ Capital Partners II, LLC, (the Company), for the year ended December 31, 2006, we considered its internal control structure, including procedures 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 the internal control structure.

Also, as required by rule 17a-5(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 such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness 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 securities 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 an internal control structure 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 control structure policies and procedures 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 objectives. Two of the objectives of an internal control structure 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 generally accepted accounting principles. 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 or the practices and procedures referred to above, errors or irregularities 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 internal control structure that might be significant deficiencies or material weaknesses under standards established by the American Institute of Certified Public Accountants.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

We noted no matters involving the internal control structure, including procedures for safeguarding securities that we consider to be significant deficiencies or 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, 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 for any other purpose.

Rampell & Rampell, P.A.

March 27, 2007

END