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

RECD S.E.C.

MAR 1 2007

SEC FILE NUMBER

8-32590

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

803

REPORT FOR THE PERIOD BEGINNING January 1, 2006 AND ENDING December 31, 2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: PROEQUITIES, INC.

OFFICIAL USE ONLY

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

FIRM I.D. NO.

2801 Highway 280, South

(No. and Street)

Birmingham

AL

35223

(City)

(State)

(Zip Code)

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

Milton C. Fritts

205-268-7582

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Pricewaterhouse Coopers

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

1901 Sixth Avenue North

Birmingham, AL

35203

(Address)

(City)

PROCESSED

(State)

(Zip Code)

CHECK ONE:

APR 30 2008

Certified Public Accountant

Public Accountant

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

THOMSON REUTERS

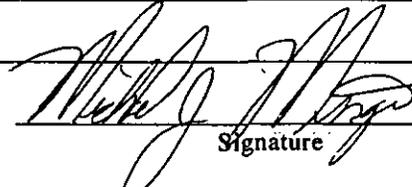
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

8/10

OATH OR AFFIRMATION

I, Michael J. Mungenast, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ProEquities, Inc., 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
CEO & President
Title


Notary Public
MY COMMISSION EXPIRES FEBRUARY 21, 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.

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

ProEquities, Inc.
Statement of Financial Condition
December 31, 2006

Assets

Cash and cash equivalents	\$ 3,635,917
Investments, at market value	16,092,453
Receivables from brokers and dealers	7,985,839
Other assets, net	1,315,974
Deferred income taxes	2,553,720
	<u>\$ 31,583,903</u>

Liabilities and Stockholder's Equity

Commissions payable	\$ 5,260,473
Securities sold but not yet purchased	4,467,025
Due to parent and affiliates	1,168,075
Deferred compensation obligation	9,364,334
Other accrued expenses	2,405,155
	<u>22,665,062</u>

Stockholder's equity

Common stock, \$1 par value; 250,000 shares authorized, 114,408 issued and outstanding	114,408
Additional paid-in capital	10,466,157
Accumulated deficit	(1,661,724)
	<u>8,918,841</u>
	<u>\$ 31,583,903</u>

END

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