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

SEC FILE NUMBER
B- 25628

FACING PAGE

8532

**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: RICHARD D. SCHUBERT, INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

241 E. SAGINAW STE 505

(No. and Street)

EAST LANSING, MI 48823

(City)

(State)

(Zip Code)

**PROCESSED**

**FEB 22 2008**

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

RICHARD D. SCHUBERT

517-332-5000

(Area Code - Telephone No.)

**THOMSON FINANCIAL**

**B. ACCOUNTANT IDENTIFICATION**

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

LYLE D. HEPFER & CO, PC

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

715 N. CEDAR ST

LANSING, MI 48906

(Address)

(City)

(State)

SECURITIES AND EXCHANGE COMMISSION
<b>RECEIVED</b>
DEC 3 2007
BRANCH OF REGISTRATIONS AND EXAMINATIONS
05

CHECK ONE:

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

**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)

SEC 1410 (08-02)

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OATH OR AFFIRMATION

I, RICHARD D. SCHUBERT, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of RICHARD D. SCHUBERT, INC., as of DECEMBER 31, 20 06, 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  
PRESIDENT  
\_\_\_\_\_  
Title

\_\_\_\_\_  
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).

RICHARD D SCHUBERT INCORPORATED

EAST LANSING, MICHIGAN

DECEMBER 31, 2006

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LYLE D. HEPFER & COMPANY, P.C.  
715 N. CEDAR STREET, LANSING, MICHIGAN 48906

CERTIFIED PUBLIC ACCOUNTANTS  
TELEPHONE (517) 484-1346

INDEPENDENT AUDITOR'S REPORT

February 1, 2007

Board of Directors  
Richard D. Schubert Incorporated  
East Lansing, Michigan

We have audited the accompanying balance sheet of RICHARD D. SCHUBERT INCORPORATED as of December 31, 2006, and the related statements of income, retained earnings, and cash flows for the year then ended. 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 Richard D. Schubert Incorporated as of 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.

*Lyle D. Hepfer & Co. PC*  
Certified Public Accountants

RICHARD D. SCHUBERT INCORPORATEDBALANCE SHEETDECEMBER 31, 2006ASSETSCURRENT ASSETSInvestments - Money Market Funds  
Accounts Receivable\$ 60,237.73  
29,149.53TOTAL CURRENT ASSETS

89,387.26

FIXED ASSETSFurniture and Fixtures  
Vehicles5,418.93  
88,080.75  
93,499.68

LESS Accumulated Depreciation

93,499.68

NET FIXED ASSETS

0.00

TOTAL ASSETS

89,387.26

LIABILITIESCURRENT LIABILITIESAccounts Payable  
Accrued Taxes1,055.50  
1,924.40TOTAL CURRENT LIABILITIES

2,979.90

STOCKHOLDERS' EQUITYCommon Stock - Par Value \$10.00  
Authorized - 5,000 Shares  
Issued - 500 Shares  
Retained Earnings5,000.00  
81,407.36TOTAL STOCKHOLDERS' EQUITY

86,407.36

TOTAL LIABILITIES AND EQUITY

89,387.26

See Accompanying Notes to Financial Statements.

RICHARD D. SCHUBERT INCORPORATEDSTATEMENT OF INCOMEJANUARY 1, 2006 TO DECEMBER 31, 2006

<u>INCOME</u>		
Commissions	\$	586,307.83
Interest		<u>9,287.30</u>
<u>TOTAL INCOME</u>		595,595.13
		100.0 %
<u>EXPENSES</u>		
Auto Expense		6,428.39
Depreciation		8,807.75
Dues & Subscriptions		976.87
Fees & Bonds		1,343.40
Legal & Accounting		4,740.00
Office Supplies		68.75
Postage		468.00
Rent		11,139.00
Salaries		50,000.00
Taxes - Payroll		3,825.00
Taxes - Single Business		5,313.00
Telephone		1,102.24
Travel, Entertainment & Seminars		<u>20,282.53</u>
<u>TOTAL OPERATING EXPENSES</u>		<u>114,494.93</u>
		19.2
<u>NET INCOME FOR THE YEAR</u>		<u>481,100.20</u>
		80.8
<u>EARNINGS PER SHARE</u>		<u>962.20</u>

See Accompanying Notes to Financial Statements.

RICHARD D. SCHUBERT INCORPORATED

STATEMENT OF RETAINED EARNINGS

JANUARY 1, 2006 TO DECEMBER 31, 2006

<u>BALANCE, JANUARY 1, 2006</u>	\$	150,307.16
<u>ADD</u>		
Net Income for the Year		<u>481,100.20</u>
		631,407.36
<u>DEDUCT</u>		
Dividends Paid		<u>550,000.00</u>
<u>BALANCE, DECEMBER 31, 2006</u>		<u><u>81,407.36</u></u>

See Accompanying Notes to Financial Statements.

RICHARD D. SCHUBERT INCORPORATEDSTATEMENT OF CASH FLOWSJANUARY 1, 2006 TO DECEMBER 31, 2006

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Net Income for the Year	5 481,100.20
Add (Deduct) Items Not Affecting Cash:	
Depreciation	8,807.75
Decrease in Accounts Receivable	25,808.39
Decrease in Accounts Payable	(673.22)
Increase in Accrued Taxes	773.00
	<hr/>
<u>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</u>	515,816.12
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
Dividends Paid	<hr/> (550,000.00)
<u>INCREASE IN CASH AND CASH EQUIVALENTS</u>	(34,183.88)
<u>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</u>	<hr/> 94,421.61
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	<hr/> <hr/> 60,237.73
<u>INTEREST PAID</u>	<hr/> <hr/> 0.00
<u>FEDERAL INCOME TAXES PAID</u>	<hr/> <hr/> 0.00

See Accompanying Notes to Financial Statements.



RICHARD D. SCHUBERT INCORPORATEDCOMPUTATION OF NET CAPITAL AND COMPUTATION OF 17a-5(d)(1)JANUARY 1, 2006 TO DECEMBER 31, 2006COMPUTATION OF NET CAPITAL

Total Ownership Equity	\$	86,407.36
Deduct Non-Allowable Assets		<u>0.00</u>
		86,407.36
Deduct Haircuts on Securities - Other		<u>(1,204.75)</u>
Net Capital		<u><u>85,202.61</u></u>

COMPUTATION OF 17a-5(d)(1) RESERVE REQUIREMENT

Minimum Net Capital Required	\$	<u>198.64</u>
Minimum Dollar Requirement		<u>5,000.00</u>
Net Capital Requirement (Greater of Above)		<u>5,000.00</u>
Excess Net Capital		<u>80,202.61</u>
Excess Net Capital @ 1000% (net cap - 10% of AI Liabilities)		84,904.62
Total AI Liabilities from Balance Sheet		2,979.90
Total Aggregate Indebtedness		<u>2,979.90</u>
Ratio of AI/NC		<u><u>3</u></u>

There are no material differences between the Report of Audit and the Focus Report Part IIA as submitted.

Lyle D. Hepfer & Company, P.C.

See Accompanying Notes to Financial Statements.

RICHARD D. SCHUBERT INCORPORATEDNOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2006ORGANIZATION AND PURPOSE

Richard D. Schubert Incorporated is a Michigan, USA Corporation which is engaged in the brokerage of securities and insurance products.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assets and liabilities and revenues and expenditures are recognized on the accrual basis of accounting.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reporting of certain assets and liabilities and disclosures. Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

Property and equipment are stated at cost. Depreciation is computed using straight line using the useful lives ranging from 5 to 7 years.

EMPLOYEE RETIREMENT PLAN

The company made no contributions to the pension plan for year 2006.

FEDERAL INCOME TAXES

Richard D. Schubert, Inc. elected Subchapter S effective January 1, 1999. Therefore there are no federal income taxes recorded.

LYLE D. HEPFER & COMPANY, P.C.  
715 N. CEDAR STREET, LANSING, MICHIGAN 48906

CERTIFIED PUBLIC ACCOUNTANTS  
TELEPHONE (517) 484-1346

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

February 1, 2007

Board of Directors  
Richard D. Schubert Incorporated  
East Lansing, Michigan

We have examined the adequacy of Richard D. Schubert Incorporated's internal control over financial reporting as of December 31, 2006 based on SEC rule 17a-5. Richard D. Schubert Incorporated's management is responsible for maintaining effective control over financial reporting. Our responsibility is to express an opinion on whether the internal control is adequate to meet such criteria based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of the internal control over financial reporting, testing, and evaluating the design and operating effectiveness of the internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides reasonable basis for our opinion.

Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control over financial reporting to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We understand that the agency considers the controls over financial reporting that meet the criteria referred to in the first paragraph of this report adequate for its propose. In our opinion, based on this understanding and on our examination, Richard D. Schubert Incorporated's internal control over financial reporting as of December 31, 2006 is adequate, in all material respects, based on the criteria established by the SEC rule 17a-5.

*Lyle D. Hepfer, C.P.C.*  
Certified Public Accountants

END