

EQUUS TOTAL RETURN, INC.  
Form 40-17F2  
February 09, 2007

**U.S. Securities and Exchange Commission**

Washington, D.C. 20549

**FORM N-17f-2**

**CERTIFICATE OF ACCOUNTING OF SECURITIES AND SIMILAR INVESTMENTS IN THE CUSTODY  
OF MANAGEMENT INVESTMENT COMPANIES**

**Pursuant to Rule 17f-2 [17 CFR 270.17f-2]**

1. Investment Company Act File Number:

814-00098

Date examination completed:

June 21, 2006

2. State Identification Number:

AL		AK	AZ	AR	CA
CT	CO	DE	DC	FL	GA
ID	HI	IL	IN	IA	KS
LA	KY	ME	MD	MA	MI
MS	MN	MO	MT	NE	NV
NJ	NH	NM	NY	NC	ND
OK	OH	OR	PA	RI	SC
TN	SD	TX	UT	VT	VA
WV	WA	WI	WY	PUERTO RICO	

Other (specify):

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3. Exact name of investment company as specified in registration statement:

Equus II Incorporated

4. Address of principal executive office:(number, street, city, state, zip code)

2727 Allen Parkway, 13th Floor, Houston, Texas 77019

**Management Statement Regarding Compliance with  
Certain Provisions of the Investment Company Act of 1940**

We, as members of management of Equus II Incorporated (the Fund ), are responsible for complying with the requirements of subsections (b) and (c) of Rule 17f-2, Custody of Investments by Registered Management Investment Companies, of the Investment Company Act of 1940. We are also responsible for establishing and maintaining effective internal controls over compliance with those requirements. We have performed an evaluation of the Fund s compliance with the requirements of subsections (b) and (c) of Rule 17f-2 as of June 21, 2006, and from December 30, 2005 through June 21, 2006.

Based on this evaluation, we assert that the Fund was in compliance with the requirements of subsections (b) and (c) of Rule 17f-2 of the Investment Company Act of 1940 as of June 21, 2006, and from December 30, 2005 through June 21, 2006, with respect to securities reflected in the investment account of the Fund.

Equus II Incorporated

By: /s/ James Philip Walters  
James Philip Walters

Vice President  
Title

February 9, 2007  
Date

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors of Equus II Incorporated

We have examined management's assertion, included in the accompanying Management Statement Regarding Compliance With Certain Provisions of the Investment Company Act of 1940, that Equus II Incorporated (the Fund) complied with the requirements of subsections (b) and (c) of rule 17f-2 under the Investment Company Act of 1940 (the Act) as of June 21, 2006. Management is responsible for the Fund's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Fund's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States), and, accordingly, included examining, on a test basis, evidence about the Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. Included among our procedures were the following tests performed as of June 21, 2006, and with respect to agreement of security purchases and sales, for the period from December 30, 2005 (the date of our last examination) through June 21, 2006:

Count and inspection of all securities located in the vault of the Frost National Bank (the Custodian) in San Antonio, Texas without prior notice to management;

Confirmation of all securities hypothecated, pledged, placed in escrow, or out for transfer with brokers, pledges, or transfer agents; and

Reconciliation of all such securities to the books and records of the Company and the Custodian.

We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Fund's compliance with specified requirements.

In our opinion, management's assertion that Equus II Incorporated complied with the requirements of subsections (b) and (c) of rule 17f-2 of the Investment Company Act of 1940 as of June 21, 2006, with respect to securities reflected in the investment account of the Fund is fairly stated, in all material respects.

This report is intended solely for the information and use of the management and the Board of Directors of Equus II Incorporated and the Securities and Exchange Commission and is not intended to be and should not be used by anyone other than these specified parties.

/s/ UHY LLP  
Houston, Texas  
December 15, 2006