

MR BB  
Rec'd  
9/12/06

SECURITIES COMMISSION



06050159

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

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: January 31, 2007  
Estimated average burden  
hours per response . . . 12.00

SEC FILE NUMBER  
8-44949

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 04/01/05 AND ENDING 3/31/06  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

INTERLINK SECURITIES CORP

OFFICIAL USE ONLY  
FIRM ID. NO.

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

20750 Ventura Boulevard, Suite 300  
(No. and Street)

Woodland Hills California 91364  
(City) (State) (Zip Code)

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

Barry Wolfe, President (818) 992-6700  
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

PROCESSED

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

Deloitte & Touche LLP  
(Name - if individual, state last, first, middle name)

OCT 30 2006

350 South Grand Avenue Los Angeles California  
(Address) (City) (State) 90071-3462  
(Zip Code)

THOMSON  
FINANCIAL  
90071-3462  
(Zip Code)

CHECK ONE:

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

SECURITIES AND EXCHANGE COMMISSION  
RECEIVED  
SEP 22 2006  
BRANCH OF REGISTRATIONS  
AND EXAMINATIONS  
04

FOR OFFICIAL USE ONLY

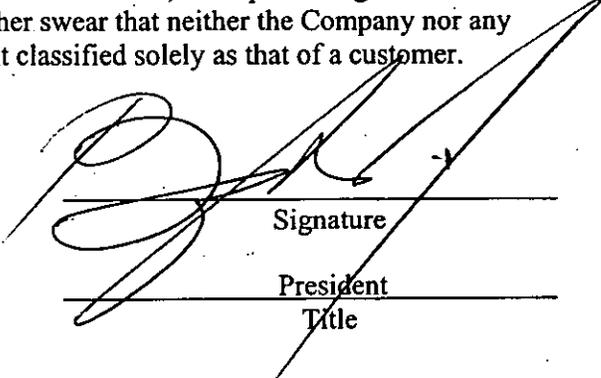
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

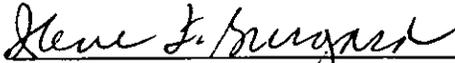
KA 10/27

### OATH OR AFFIRMATION

I, Barry Wolfe, swear that, to the best of my knowledge and belief, the accompanying financial statements for the year ended March 31, 2006 and supplemental schedule as of March 31, 2006 pertaining to Interlink Securities Corp (the "Company") are true and correct. I further swear that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.



  
\_\_\_\_\_  
Signature  
\_\_\_\_\_  
President  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Notary Public

This report\* contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Operations.
- (e) Statement of Changes in Stockholder's Equity.
- (d) Statement of Cash Flows.
- (f) Statement of Changes in Liabilities Subordinated to Claims of General Creditors (not applicable)
- Notes to Financial Statements.
- (g) Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934.
- (h) Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 (not applicable).
- (i) Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 (not applicable).
- (j) A Reconciliation, including appropriate explanations, of the Computation of Net Capital under Rule 15c3-1 (included in item (g)) and the Computation for Determination of the Reserve Requirements under Exhibit A of Rule 15c3-3 (not applicable).
- (k) A Reconciliation between the audited and unaudited Statement of Financial Condition with respect to methods of consolidation (not applicable).
- (l) An Oath or Affirmation.
- (m) Copy of the SIPC Supplemental Report (not required).
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit. (Supplemental Report on Internal Control.)

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

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Interlink Securities Corp:

We have audited the following financial statements of Interlink Securities Corp (the "Company"), a wholly owned subsidiary of Marsh Private Client Life Insurance Services, as of and for the year ended March 31, 2006, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934:

	Page
Statement of Financial Condition	2
Statement of Operations	3
Statement of Changes in Stockholder's Equity	4
Statement of Cash Flows	5

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, such financial statements present fairly, in all material respects, the financial position of Interlink Securities Corp at March 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934, of Interlink Securities Corp as of March 31, 2006, is presented for the purpose 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 Exchange Act of 1934. This schedule is the responsibility of the Company's management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

*Deloitte & Touche LLP*

May 24, 2006

**INTERLINK SECURITIES CORP**  
**(A Wholly Owned Subsidiary of Marsh Private Client Life Insurance Services)**

**STATEMENT OF FINANCIAL CONDITION**  
**MARCH 31, 2006**

---

**ASSETS**

CASH AND CASH EQUIVALENTS	\$ 731,636
COMMISSIONS RECEIVABLE	269,430
INCOME TAX RECEIVABLE	60,103
PREPAID EXPENSE	<u>13,183</u>
TOTAL	<u>\$1,074,352</u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**LIABILITIES:**

Commissions payable	\$ 15,059
Accounts payable and accrued expense	38,119
Intercompany payable	191,245
Deferred income taxes	<u>3,940</u>
Total liabilities	<u>248,363</u>

**COMMITMENTS AND CONTINGENCIES (Note 5)**

**STOCKHOLDER'S EQUITY:**

Common stock, \$10 par value—1,000 shares authorized; 500 shares issued and outstanding	5,000
Additional paid-in capital	20,085
Retained earnings	<u>800,904</u>
Total stockholder's equity	<u>825,989</u>

TOTAL	<u>\$1,074,352</u>
-------	--------------------

See notes to financial statements.

# INTERLINK SECURITIES CORP

(A Wholly Owned Subsidiary of Marsh Private Client Life Insurance Services)

## STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2006

---

### REVENUES:

Commission revenues	\$2,716,412
Interest income	<u>8,635</u>

Total revenues	<u>2,725,047</u>
----------------	------------------

### EXPENSES:

Commissions	706,069
Intercompany overhead allocation	1,770,000
Legal and professional	277,602
Other general and administrative	<u>102,476</u>

Total expenses	<u>2,856,147</u>
----------------	------------------

LOSS BEFORE PROVISION FOR INCOME TAXES	(131,100)
--	-----------

INCOME TAX BENEFIT	<u>52,223</u>
--------------------	---------------

NET LOSS	<u>\$ (78,877)</u>
----------	--------------------

See notes to financial statements.

**INTERLINK SECURITIES CORP****(A Wholly Owned Subsidiary of Marsh Private Client Life Insurance Services)****STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
YEAR ENDED MARCH 31, 2006**

---

	<b>Common Stock</b>	<b>Additional Paid-In Capital</b>	<b>Retained Earnings</b>	<b>Total Stockholder's Equity</b>
BALANCE—April 1, 2005	\$ 5,000	\$ 20,085	\$ 879,781	\$ 904,866
Net loss	_____	_____	<u>(78,877)</u>	<u>(78,877)</u>
BALANCE—March 31, 2006	<u>\$ 5,000</u>	<u>\$ 20,085</u>	<u>\$ 800,904</u>	<u>\$ 825,989</u>

See notes to financial statements.

**INTERLINK SECURITIES CORP**  
**(A Wholly Owned Subsidiary of Marsh Private Client Life Insurance Services)**

**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2006**

---

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Net loss	\$ (78,877)
Adjustments to reconcile net loss to net cash used in operating activities:	
Provision for deferred income taxes	30,404
Changes in assets and liabilities:	
Commissions receivable	(2,002)
Prepaid expense	15,457
Income tax receivable	(60,103)
Commissions payable	(132,602)
Accounts payable and accrued expense	33,938
Intercompany payable	<u>29,124</u>
Net cash used in operating activities	(164,661)
CASH AND CASH EQUIVALENTS—Beginning of year	<u>896,297</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 731,636</u>

See notes to financial statements.

**INTERLINK SECURITIES CRP**  
**(A Wholly Owned Subsidiary of Marsh Private Client Life Insurance Services)**

**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED MARCH 31, 2006**

---

**1. ORGANIZATION AND NATURE OF BUSINESS**

Interlink Securities Corp (the "Company"), a California corporation, was established as a wholly owned subsidiary of Marsh Private Client Life Insurance Services (formerly known as Centrelink Insurance and Financial Services), which is a wholly owned subsidiary of Marsh USA, Inc. ("Marsh"). The Company commenced operations on June 1, 2001 and is registered as a broker-dealer under the Securities Exchange Act of 1934.

As a member of the National Association of Securities Dealers, Inc., the Company engages in securities brokerage and the sale of securities and insurance products, such as mutual funds, variable annuities, and variable universal life insurance.

The Company's business is limited to the sale of mutual funds and insurance products noted above and does not carry securities accounts for customers or perform custodial functions related to customer securities. Accordingly, the Company operates under the exemptive provisions of Securities and Exchange Commission ("SEC") Rule 15c3-3(k)(1).

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**—The accompanying financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and in the format prescribed by Rule 17a-5 under the Securities Exchange Act of 1934 for brokers and dealers in securities.

**Cash and Cash Equivalents**—The Company considers liquid investments purchased with original maturities of three months or less to be cash equivalents. The carrying value approximates fair value due to the short-term maturities of these investments.

**Commissions Receivable and Payable**—Commissions receivable primarily represent commissions due to the Company for the sale of financial products. Commissions payable represent amounts due to the sales representatives affiliated with the Company in connection with the sale of financial products.

**Commission Revenue and Commission Expense**—Commission revenue and commission expenses relate to distribution of insurance products and are recorded on an accrual basis. Commission revenues and any resulting commission expense are accrued and earned when the insurance protection is afforded and the commission amount can be reasonably estimated, based upon the effective date of the underlying insurance contract.

**Income Taxes**—The Company is included in the federal and state income tax returns filed by Marsh and the Company is allocated income tax expense and benefits based upon the separate return method. Deferred income taxes, which arise principally from temporary differences between the period in which

certain income and expenses are recognized for financial accounting purposes and the period in which they affect taxable income, are included in the provision for income taxes. Under this method, the computation of the net deferred tax liability or asset gives current recognition of changes in tax laws.

**Comprehensive Income**—There are no differences between comprehensive income and net income on the accompanying statement of operations.

**Use of Estimates**—The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### 3. INCOME TAXES

For the year ended March 31, 2006, the provision for income taxes was a benefit of \$52,233, which consists of current federal and state income tax benefits of \$44,574 and \$38,053, respectively, and a federal deferred tax expense of \$30,404. The provision for taxes on income differs from the amounts computed by applying the federal rate of 35% primarily because of the effect of California franchise taxes. The deferred tax liability at March 31, 2006 consists primarily of the federal tax expense from current year California franchise taxes.

### 4. RELATED PARTY TRANSACTIONS

Marsh Private Client Life Insurance Services provides various transactions such as providing certain general and administrative, legal, and compliance services to the Company which are recorded through the intercompany accounts. The charges for such services totaled \$1,770,000 for the year ended March 31, 2006. At March 31, 2006, the Company had an intercompany payable balance of \$137,746 for such services. Intercompany payable or receivable, if any, is non-interest bearing and payable typically eight days after month end.

A director of the Company is also an employee of Marsh Private Client Life Insurance Services. This director did not receive any compensation from the Company for the year ended March 31, 2006.

### 5. COMMITMENTS AND CONTINGENCIES

**Concentration of Credit Risk**—Financial instruments that subject the Company to credit risk consist primarily of cash and cash equivalents. The Company maintains cash balances in a high quality financial institution. The Company has \$483,901 of cash on deposit with this high credit quality financial institution in excess of the Federal Deposit Insurance Corporation limits as of March 31, 2006.

### 6. NET CAPITAL REQUIREMENTS

The Company is subject to the SEC's Uniform Net Capital Rule ("Rule 15c3-1"), which requires the maintenance of minimum net capital, as defined, and may not permit its aggregate indebtedness, as defined, to exceed 15 times its net capital.

At March 31, 2006, the Company had net capital of \$742,568 (as amended), which was \$726,010 in excess of the amount required to be maintained, and the ratio of aggregate indebtedness to net capital was 0.33 to 1.

**7. RESERVE REQUIREMENTS AND POSSESSION OR CONTROL FOR BROKERS OR DEALERS**

The Company is exempt from the provisions of Rule 15c3-3 (pursuant to paragraph (k)(1) of such Rule) under the Securities Exchange Act of 1934 as an introducing broker or dealer whose business is limited to the sale of mutual funds and insurance products, carries no customers' accounts, promptly transmits any customer funds and customer securities to the clearing broker or dealer and does not otherwise hold funds or securities of customers. Operating under such exemption, the Company is not required to prepare a determination of reserve requirements and possession or control for brokers or dealers or provide information relating to possession or control requirements for brokers or dealers.

\* \* \* \* \*

# INTERLINK SECURITIES CORP

(A Wholly Owned Subsidiary of Marsh Private Client Life Insurance Services)

## COMPUTATION OF NET CAPITAL FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-1 UNDER THE SECURITIES EXCHANGE ACT OF 1934 MARCH 31, 2006

---

NET CAPITAL—Total shareholder's equity from the statement of financial condition	<u>\$ 825,989</u>
DEDUCTIONS—Nonallowable assets included in the statement of financial condition:	
Income tax receivable	60,103
Prepaid expenses	<u>13,183</u>
Total deductions	<u>73,286</u>
NET CAPITAL BEFORE HAIRCUTS ON SECURITIES POSITIONS	752,703
HAIRCUTS ON SECURITIES POSITIONS	<u>10,135</u>
NET CAPITAL	<u>\$ 742,568</u>
AGGREGATE INDEBTEDNESS	<u>\$ 248,363</u>
MINIMUM NET CAPITAL REQUIREMENT (Greater of 6-2/3% of aggregate indebtedness or \$5,000)	<u>\$ 16,558</u>
EXCESS NET CAPITAL	<u>\$ 726,010</u>
RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>0.33 to 1</u>

Note: There are no material differences between the amounts reported above and amounts reported in the Company's amended unaudited Focus Report, Part II, as of March 31, 2006.

May 24, 2006

To the Board of Directors of  
Interlink Securities Corp:

In planning and performing our audit of the financial statements of Interlink Securities Corp (the "Company") for the year ended March 31, 2006 (on which we have issued our report dated May 24, 2006), we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the Company's internal control.

Also, as required by Rule 17a-5(g)(1) under the Securities Exchange Act of 1934, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by the Company 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. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining internal control 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 and of the practices and procedures, and to assess whether those practices and procedures can be expected to achieve the Securities and Exchange Commission's (the "Commission") above-mentioned objectives. Two of the objectives of internal control 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 acquisition, 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 conformity with accounting principles generally accepted in the United States of America. 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 or the practices and procedures referred to above, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control or of such practices and procedures to future periods are subject to the risk that they may become inadequate because of changes in conditions or that the degree of compliance with the practices or procedures may deteriorate.

Our consideration of the Company's internal control would not necessarily disclose all matters in the Company's internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the Company's internal control and its operation, including control activities for safeguarding securities, that we consider to be 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 Commission to be adequate for their purposes in accordance with the Securities Exchange Act of 1934, the Commodity Exchange Act 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 March 31, 2006, to meet the Commission's objectives.

This report is intended solely for the information and use of the board of directors, management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc., 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 by anyone other than these specified parties.

Yours truly,

*Deloitte & Touche LLP*