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

SEC FILE NUMBER
8-49936

**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 BEGINING 01/01/06 AND ENDING 12/31/06  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER DEALER: White Pacific Securities, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
231 Sansome Street, Floor 4  
(No. and Street)  
San Francisco California  
(City) (State)

**PROCESSED**

**MAR 6 2007**

**J THOMSON** 94104  
**FINANCIAL** (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Stephen Lee 415-901-0300  
(Area Code - Telephone No.)

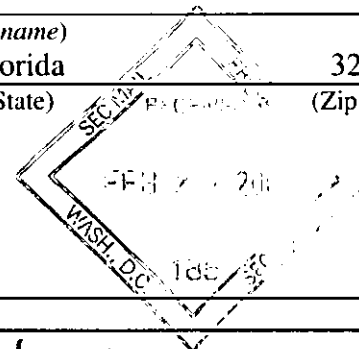
**B. ACCOUNTANT DESIGNATION**

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

Lashley, Seland & Rotroff  
(Name - if individual, state last, first, middle name)  
940 Centre Circle, Suite 2005, Altamonte Springs Florida 32714  
(Address and City) (State) (Zip Code)

**CHECK ONE:**

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

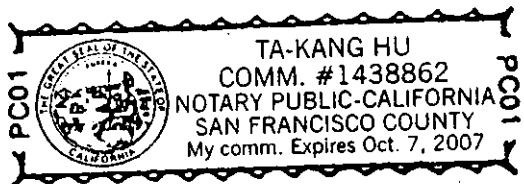


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\*Claims for exemption from the requirement that the annual audit be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, Stephen Lee, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm or White Pacific Securities, 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:



Handwritten signature of the President.

President
Title

Handwritten signature and date: 2-23-2007 at S.F. CA
Public Notary

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 Proprietor's 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 15c3-1.
(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).

**WHITE PACIFIC SECURITIES, INC.**  
**(A WHOLLY OWNED SUBSIDIARY OF MANDARIN HOLDING GROUP, INC.)**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**  
**WITH**  
**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT**

**WHITE PACIFIC SECURITIES, INC.**  
**(A WHOLLY OWNED SUBSIDIARY OF MANDARIN HOLDING GROUP, INC.)**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**  
**DECEMBER 31, 2006**

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LASHLEY, SELAND & ROTROFF, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS

D. Gary Lashley, CPA  
Kurt Seland, CPA  
Stephen R. Rotroff, CPA  
Albert A. King, CPA

**Report of Independent Certified Public Accountant**

Board of Directors and Shareholder  
White Pacific Securities, Inc.

We have audited the accompanying statement of financial condition of White Pacific Securities, Inc, a wholly-owned subsidiary of Mandarin Holding Group, Inc., as of December 31, 2006, and the related statements of income, changes in stockholder's equity, 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 White Pacific Securities, Inc, a wholly-owned subsidiary of Mandarin Holding Group, Inc., 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying reconciliation of net capital 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 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

February 21, 2007

**WHITE PACIFIC SECURITIES, INC.**  
**(A WHOLLY OWNED SUBSIDIARY OF MANDARIN HOLDING GROUP, INC.)**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2006**

**Assets**

Cash and cash equivalents	\$ 1,541,635
Clearing deposits with clearing brokers	105,039
Receivables from broker-dealers	323,308
Other receivables	76,206
Furniture and equipment, net of accumulated depreciation of \$135,543	10,651
Investment in China Ginseng Holdings, Inc.	50,000
Deposits	<u>13,979</u>
	<u>\$ 2,120,818</u>

**Liabilities and Stockholder's Equity**

Liabilities:

Commissions payable	\$ 141,264
OSJ deposits payable	75,106
Accounts payable and accrued expenses	670,512
Due to affiliate	<u>15,336</u>
Total liabilities	<u>902,218</u>

Stockholder's equity:

Common stock, no par value, 1,000,000 shares authorized, 81,500 shares issued and outstanding	2,017,034
Retained deficit	<u>(798,434)</u>
Total stockholder's equity	<u>1,218,600</u>
	<u>\$ 2,120,818</u>

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

**WHITE PACIFIC SECURITIES, INC.**  
**(A WHOLLY OWNED SUBSIDIARY OF MANDARIN HOLDING GROUP, INC.)**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

**Revenues:**

Commissions	\$ 6,078,965
Interest	629,277
Other	<u>80,595</u>
	<u>6,788,837</u>

**Expenses:**

Commissions	3,412,133
Salaries, wages, taxes and benefits	1,175,172
Clearing, execution and other brokerage costs	1,151,211
Other expenses	374,536
Telephone and communications	68,345
Occupancy costs	135,959
Consulting fees	99,759
Advertising and promotion	75,876
Licenses and registrations	24,914
Depreciation	<u>11,480</u>
	<u>6,529,385</u>

**Net income** \$ 259,452

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

**WHITE PACIFIC SECURITIES, INC.**  
**(A WHOLLY OWNED SUBSIDIARY OF MANDARIN HOLDING GROUP, INC.)**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Common stock		Retained earnings	Total
	Shares	Amount		
<b>Balance, January 1, 2006</b>	81,500	\$ 2,067,034	\$(1,057,886)	\$ 1,009,148
Distribution to shareholder	-	(50,000)	-	(50,000)
Net income	-	-	<u>259,452</u>	<u>259,452</u>
<b>Balance, December 31, 2006</b>	<u>81,500</u>	<u>\$ 2,017,034</u>	<u>\$ 798,434</u>	<u>\$1,218,600</u>

*The accompanying notes are an integral part of these financial statements.*  
Page 4



**WHITE PACIFIC SECURITIES, INC.**  
**(A WHOLLY OWNED SUBSIDIARY OF MANDARIN HOLDING GROUP, INC.)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

<b>Cash flow from operating activities:</b>	
Net income	\$ 259,452
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation	11,480
Increase or decrease in assets and liabilities:	
Increase in cash deposit with clearing brokers	(4,933)
Increase in due from clearing brokers	(43,346)
Decrease in other receivable	34,454
Decrease in deposits	1,816
Decrease in commissions payable	(77,065)
Decrease in deferred rent	(1,060)
Increase in accounts payable and accrued expenses	<u>473,721</u>
Total cash provided by operating activities	<u>654,519</u>
<b>Cash flow from investing activities:</b>	
Purchase of fixed assets	<u>(3,026)</u>
Total cash used in investing activities	<u>(3,026)</u>
<b>Cash flow from financing activities:</b>	
Distribution to shareholder	<u>(50,000)</u>
Total cash used in financing activities	<u>(50,000)</u>
<b>Net increase in cash</b>	601,493
Cash and cash equivalents at the beginning of year	<u>940,142</u>
<b>Cash and cash equivalents at the end of year</b>	<u>\$ 1,541,635</u>
<b>Supplemental disclosure of cash flow information:</b>	
Cash paid during the year for interest	\$ <u>          -</u>
Cash paid during the year for income taxes	\$ <u>    2,952</u>

*The accompanying notes are an integral part of these financial statements.*  
Page 5

**WHITE PACIFIC SECURITIES, INC.**  
**(A WHOLLY OWNED SUBSIDIARY OF MANDARIN HOLDING GROUP, INC.)**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2006**

**1. ORGANIZATION**

White Pacific Securities, Inc. (the "Company") is a Nevada corporation formed as Star Traders, Inc. in 1996 and registered as a broker-dealer with the Securities and Exchange Commission and a member of the National Association of Securities Dealers, Inc. ("NASD") since 1998. The Company markets and sells its services through employees and independent contractor brokers (licensed in most states) and Offices of Supervisory Jurisdiction located in California, Texas and Washington. The Company is wholly owned by Mandarin Holding Group, Inc. ("Mandarin").

The Company clears its trades directly through Penson Financial Services, Inc. ("PFS"), and indirectly through another clearing broker, ADP Clearing & Outsourcing Services, Inc. ("ADP"), through an introducing broker-dealer, WHITE PACIFIC SECURITIES, INC. ("1DB"), all on a fully disclosed basis. The above companies are collectively known as the "Clearing Brokers". The Company claims exemption from the Securities and Exchange Commission Rule 15c3-3 because it does not carry customer funds or handle customer securities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents** - The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for the purposes of the statement of cash flows.

**Deposits with clearing brokers** - Cash deposits with clearing brokers consist of funds on deposit with the Clearing Brokers pursuant to the Company's clearing agreements. The agreements require the Company to maintain a minimum of \$275,000 as clearing deposits based upon the level of securities inventory, the volume and size of transactions, and the type of business being conducted. As long as the Company continues to use the clearing and execution services of the Clearing Brokers, the Company will be required to maintain the cash on deposit.

**Due from clearing brokers and commissions receivable** - Due from clearing brokers and commissions receivable represents monies due the Company from the Clearing Brokers through securities generated transactions. An allowance for doubtful accounts is not recorded since the Clearing Brokers adjust accounts monthly to actual collections.

**Furniture and equipment** - Furniture and equipment are recorded at cost. Repair and maintenance costs are charged to operations as incurred. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any gains or losses are included in operations. Depreciation of furniture and equipment is provided utilizing the straight-line method over the estimated useful lives of the related assets, which range from five to seven years.

**Investment in China Ginseng Holdings, Inc.** - The Company owns 174,155 shares of China Ginseng Holdings, Inc., ("CSNG") valued at \$50,000. Each three-share unit includes a warrant to purchase an additional share for \$0.39., exercisable through September 8, 2010. The investment is carried at cost.

**WHITE PACIFIC SECURITIES, INC.**  
**(A WHOLLY OWNED SUBSIDIARY OF MANDARIN HOLDING GROUP, INC.)**  
**NOTES TO FINANCIAL STATEMENT (CONTINUED)**  
**DECEMBER 31, 2006**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Securities transactions and commissions** – The Company derives commissions and other revenue primarily from its clearing brokers for trading activity of its customers. The Company records security transactions and commissions due thereon on a trade date basis. Interest revenue recorded by the Company consists principally of its participation in the interest earned by its clearing brokers on customer margin loan, money market and credit (including short sales) balances through contractual agreements with its clearing brokers.

**Advertising costs** – The Company expenses advertising costs when incurred. During the year ended December 31, 2006, the Company incurred advertising expense of approximately \$72,335.

**Income taxes** - The Company accounts for income taxes according to Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes", which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future, based on tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred asset will not be realized. Income tax expense is the tax payable or refundable for the period, plus or minus the change during the period in deferred tax assets and liabilities. The Company generally recognizes a 100% valuation allowance on any deferred tax assets because it is more likely than not the Company will not be able to use such deferred tax assets in the future. Additionally, the Internal Revenue Code limits use of deferred tax assets resulting from net operating loss carry forwards from certain ownership changes.

**Fair value of financial instruments** - All of the Company's financial assets and liabilities are carried at market value or at amounts, which, because of their short-term nature, approximate current fair value.

**Use of estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. RELATED PARTY TRANSACTIONS**

Due to affiliate consists entirely of amounts due to a dormant subsidiary of a prior parent company, which has affiliated officers and directors with the Company.

During the year ended December 31, 2006, the Company paid consulting fees to a corporation owned or otherwise controlled by an officer and director of the Company totaling approximately \$99,600.

**WHITE PACIFIC SECURITIES, INC.**  
**(A WHOLLY OWNED SUBSIDIARY OF MANDARIN HOLDING GROUP, INC.)**  
**NOTES TO FINANCIAL STATEMENT (CONTINUED)**  
**DECEMBER 31, 2006**

**4. RECEIVABLES FROM BROKER-DEALERS**

At of December 31, 2006, receivables from broker-dealers were as follows:

PFS		\$ 179,573
1DB		<u>143,735</u>
		<u>\$ 323,308</u>

**5. PROPERTY AND EQUIPMENT**

At of December 31, 2006, property and equipment are as follows:

Computer equipment		\$ 12,434
Office equipment		85,630
Furniture		<u>48,130</u>
		146,194
Less accumulated depreciation		<u>135,543</u>
Property and equipment, net		<u>\$ 10,651</u>

Depreciation expense for the year ended December 31, 2006 was \$11,480.

**6. COMMISSIONS AND CLEARING DEPOSIT PAYABLE**

At December 31, 2006, commissions payable were as follows:

Brokers trading through:		
ADP		\$ 55,400
PFS		74,845
OSJ Offices trading through:		
PFS		<u>11,019</u>
Total commissions payable		<u>\$ 141,264</u>

Clearing deposits payable (\$75,106) as of December 31, 2006, represents deposits held by the Company of amounts otherwise payable to OSJs. The Company's policy is to hold at least \$5,000 per active OSJ.

**WHITE PACIFIC SECURITIES, INC.**  
**(A WHOLLY OWNED SUBSIDIARY OF MANDARIN HOLDING GROUP, INC.)**  
**NOTES TO FINANCIAL STATEMENT (CONTINUED)**  
**DECEMBER 31, 2006**

**7. INCOME TAXES**

The Company utilized federal net operating loss carry forwards available to offset its tax liability for the year ended December 31, 2006. As of December 31, 2006, the Company has remaining federal net operating loss carry forwards totaling approximately \$750,000, expiring in various years through 2022. Certain provisions of the Internal Revenue Code limit the ability of the Company to use the net operating loss carry forwards arising before certain ownership changes. As explained in Note 2, the Company reduced its deferred tax asset to zero at December 31, 2006 with a 100% valuation allowance.

The Company pays various minimum state taxes in states where it operates. Those estimated taxes are recorded in other expenses on the Company's Statement of Income.

**8. RETIREMENT PLAN**

Effective January 1, 2000, the Company established a defined contribution plan with a 401(k) deferral arrangement. In addition to elective deferrals by eligible participants, the Company may match such deferrals and make discretionary contributions to the plan.

During the year ended December 31, 2006, the Company made matching contributions of \$10,178. During the same year the Company made no discretionary contributions to the plan.

**9. MARKET AND CREDIT RISK**

In the normal course of its business, the Company enters into financial transactions where it is exposed to potential loss due to changes in market conditions or failure of the other party to perform. Additionally, under the terms of agreements with clearing brokers, the clearing brokers can charge the Company for losses that result from a counter party's failure to fulfill its obligations. The policy of the Company is to continuously monitor its exposure to market and credit risk using a variety of reporting and control procedures. In addition, the Company reviews the credit standing of each broker-dealer and OSJ with which it conducts business.

Under terms of the agreements with clearing brokers, the Company may be obligated to assume any exposure related to nonperformance by its customers. In such event, the Company may be required to purchase or sell financial instruments at prevailing market prices.

During the year ended December 31, 2006, the Company maintained deposit balances at commercial banks and a registered investment company in excess of federal deposit insurance and security investor protection limits.

**WHITE PACIFIC SECURITIES, INC.**  
**(A WHOLLY OWNED SUBSIDIARY OF MANDARIN HOLDING GROUP, INC.)**  
**NOTES TO FINANCIAL STATEMENT (CONTINUED)**  
**DECEMBER 31, 2006**

**10. COMMITMENTS AND CONTINGENCIES**

The Company leases office space under operating leases continuing variously through September 30, 2007. Lease terms include required minimum payments (including future increases), deposits and periodic increases based on inflation and shares of building operating expenses and taxes. Future minimum lease payments under noncancelable operating leases for office space for the year ended December 31, 2007 are \$56,100.

Per an agreement with PFS, the Company is required to maintain minimum monthly clearing charges of \$4,000 and a deposit of \$100,000.

The Company has contracted with IDB to clear certain trading activity on a fully disclosed basis through IDB's clearing broker. The contract is on an annual basis and is subject to a termination fee if it terminates the contract prior to the end of one year or fails to provide a ninety (90) day notice of termination.

The Company, in the ordinary course of business, is named a defendant in matters from its activities as a broker-dealer. The Company accrues currently its estimate of the costs to settle or defend these matters and, in the opinion of management, the resolutions of these matters will not have a material adverse effect on the financial condition of the Company.

**11. NET CAPITAL REQUIREMENT**

The Company's minimum net capital requirement under Rule 15c3-1 of the Securities and Exchange Commission is the greater of 6 2/3% of aggregate indebtedness (\$60,148 at December 31, 2006) or \$100,000. The Company operates pursuant to the (K)(2)(ii) exemption under SEC Rule 15c3-3 and does not hold customer funds or securities. The Company is, therefore, exempt from the reserve formula calculations and possession or control computations. At December 31, 2006, the net capital, as computed, was \$922,965. Consequently, the Company had excess net capital of \$862,817. At December 31, 2006, the percentage of aggregate indebtedness to net capital was approximately 97.8% versus an allowable percentage of 1500%.

See page 12 attached to these footnotes for a reconciliation of audit adjustments affecting net capital between the unaudited FOCUS report for December 31, 2006 and the audited financial statement filed herewith.

**WHITE PACIFIC SECURITIES, INC.**  
**COMPUTATION AND RECONCILIATION OF NET CAPITAL UNDER**  
**RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION**  
**AS OF DECEMBER 31, 2006**

<b>Computation of basic net capital requirements:</b>	
Total stockholder's equity qualified for net capital	\$ <u>1,218,600</u>
<b>Deductions:</b>	
Non-allowable assets	
Petty cash	1,500
Receivables	182,377
Furniture and equipment, net	10,651
Prepaid expenses, deposits and other	<u>13,979</u>
Total non-allowable assets	<u>208,507</u>
Net capital before haircuts and securities positions	<u>1,010,093</u>
<b>Haircuts:</b>	
Money market accounts	25,435
Investment at cost	50,000
Undue concentration	<u>11,693</u>
	<u>87,128</u>
Net capital	922,965
<b>Minimum net capital requirements:</b>	
6 2/3% of total aggregate indebtedness (\$60,450)	
Minimum dollar net capital requirement for this broker-dealer (\$5,000)	
Net capital requirement (greater of above two requirements)	<u>60,148</u>
Net capital in excess of required minimum	<u>\$ 862,817</u>
Excess net capital at 1000%	<u>\$ 832,743</u>
<b>Reconciliation:</b>	
Net capital, per pages 9-11 of the December 31, 2006 unaudited Focus Report, as filed	\$ 937,310
<b>Audit adjustments:</b>	
Additional commission accruals, net - (\$11,346)	
Additional accrued expenses - (\$3,000)	(14,346)
Rounding	<u>1</u>
Net capital, per December 31, 2006 audited report, as filed	<u>\$ 922,965</u>

**WHITE PACIFIC SECURITIES, INC.**  
**COMPUTATION AND RECONCILIATION OF AGGREGATE INDEBTEDNESS**  
**UNDER RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION**  
**AS OF DECEMBER 31, 2006**

**Total aggregate indebtedness:**

Accounts payable and accrued expenses	\$ 670,512
Commissions payable	141,264
OSJ deposits payable	75,106
Due to related party	<u>15,336</u>
Aggregate indebtedness	<u>\$ 902,218</u>
<b>Total indebtedness recorded on the Statement of Financial Condition</b>	<b><u>\$ 902,218</u></b>
<b>Percentage of aggregate indebtedness to net capital</b>	<b><u>97.8%</u></b>

*The accompanying notes are an integral part of these financial statement.*



**WHITE PACIFIC SECURITIES, INC.  
(A WHOLLY-OWNED SUBSIDIARY OF MANDARIN HOLDING GROUP, INC.)  
INFORMATION RELATING TO THE POSSESSION OR CONTROL  
REQUIREMENTS UNDER SEC RULE 15c3-3  
AS OF DECEMBER 31, 2006**

White Pacific Securities, Inc. operates pursuant to the (k)(2)(ii) exemption under SEC Rule 15c3-3 and does not hold funds or securities. White Pacific Securities, Inc. is, therefore, exempt from the reserve formula calculations and possession and control computations.



LASHLEY, SELAND & ROTROFF, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS

D. Gary Lashley, CPA  
Kurt Seland, CPA  
Stephen R. Rotroff, CPA  
Albert A. King, CPA

**REPORT ON INTERNAL CONTROL STRUCTURE  
REQUIRED BY SEC RULE 17a-5  
FOR A BROKER-DEALER CLAIMING EXEMPTION  
FROM SEC RULE 15c3-3**

Board of Directors and Stockholder  
White Pacific Securities, Inc.

In planning and performing our audit of the financial statements of White Pacific Securities, Inc. (the "Company") a wholly-owned subsidiary of Mandarin Holding Group, Inc., 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 (including tests of compliance with such practices and procedures) followed by the Company, including tests of such practices that we considered relevant to the objectives stated in Rule 17a-5(g)(1) 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 the 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 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 preparation of financial statements in conformity 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 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 the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 internal control structure, including procedures 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 SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and the 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 management, the Securities and Exchange Commission, the National Association of Securities Dealers, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.

*Freshley, Selach : R. Staff, P. A.*

February 21, 2007

END