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

SEC FILE NUMBER
8- 67225

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 January 1, 2006 AND ENDING December 31, 2006  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: GCM Security Corp.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

19200 Von Karman Avenue, Suite 525

(No. and Street)

Irvine

California

92612

(City)

(State)

(Zip Code)

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

Steve Holmes

(949) 252-4600 extension 227

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Elizabeth Tractenberg, CPA

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

3832 Shannon Rd., Los Angeles, CA 90027

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**PROCESSED**

**MAR 09 2007**

**THOMSON FINANCIAL**

**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)

AB  
3/8

OATH OR AFFIRMATION

I, Steve Holmes, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of GCMi Securities Corp., 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]  
Signature  
CEO  
Title

[Signature]  
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~~ Cash Flows
- (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 ~~and assets of the company~~
- (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).

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C.

ANNUAL AUDIT REPORT

DATE - DECEMBER 31, 2006

GCM SECURITY CORP.

19200 Von Karman Avenue, Suite 525  
Irvine, CA 92612

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**ELIZABETH** CERTIFIED  
**TRACTENBERG** PUBLIC  
ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

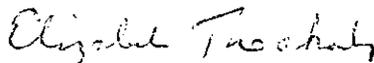
Board of Directors  
GCMC Securities Corp.  
Irvine, California

I have audited the accompanying statement of financial condition of GCMC Securities Corp. (the Company) as of December 31, 2006 and related statements of operations, cash flows, and changes in stockholder's equity for the year then ended. These financial statements are being filed pursuant to Rule 17a-5 of the Securities Exchange Act of 1934 and include the supplemental schedule of the net capital computation required by rule 15c3-1. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, such financial statements referred to above present fairly, in all material respects, the financial condition of the Company as of December 31, 2006 and the results of its operations, cash flows and stockholder's equity for the year then ended in conformity with accounting principles generally accepted in the United States.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Supplementary Information on pages 8 and 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements but includes 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
Elizabeth Tractenberg, CPA  
Los Angeles, California  
February 7, 2007

415 NORTH CAMDEN DRIVE, SUITE 220, BEVERLY HILLS, CA 90210-4403  
3832 SHANNON ROAD, LOS ANGELES, CA 90027-1442

PHONE (323) 669-0545 FAX (323) 669-0575 CELL PHONE (310) 435-0746 EMAIL ELIZABETH@TRACTENBERG.NET  
WWW.TRACTENBERG.NET

GCMi SECURITIES CORP.  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2006

ASSETS		
Cash and equivalent		\$ 61,077
Commissions receivable		<u>1,500</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 62,577</u></b>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES		
Accrued expenses		\$ 1,377
Commissions payable		<u>0</u>
<b>TOTAL LIABILITIES</b>		<b>1,377</b>
STOCKHOLDER'S EQUITY		
Common stock (\$.01 par value, 1,000 shares authorized and issued; 100 shares outstanding)	1	
Paid-in capital	39,999	
Retained earnings	<u>21,199</u>	<u>61,199</u>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>		<b><u>\$ 62,577</u></b>

See accompanying notes to financial statements

GCM SECURITYES CORP.  
STATEMENT OF OPERATIONS  
FOR YEAR ENDED DECEMBER 31, 2006

REVENUES

Finder fees	<u>\$ 107,697</u>
TOTAL REVENUES	<u>107,697</u>
TOTAL OPERATING EXPENSES (page 8)	<u>79,503</u>
INCOME BEFORE TAX PROVISION	28,194
INCOME TAX PROVISION	<u>0</u>
NET INCOME	<u><u>\$ 28,194</u></u>

See accompanying notes to financial statements

GCMi SECURITIES CORP.  
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
FOR YEAR ENDED DECEMBER 31, 2006

	Common Stock Shares	Common Stock	Paid-In Capital	Retained Earnings (Deficit)	Total
Balance, December 31, 2005		\$ 1	\$ 39,999	\$ (6,995)	\$ 33,005
Net Income				28,194	28,194
Balance, December 31, 2006		\$ 1	\$ 39,999	\$ 21,199	\$ 61,199

See accompanying notes to financial statements

GCMi SECURITIES CORP.  
STATEMENT OF CASH FLOWS  
FOR YEAR ENDED DECEMBER 31, 2006

Cash Flows from Operating Activities:	
Net income	\$ 28,194
	0
Changes in operating assets and liabilities:	
Commissions receivable	(1,500)
Accrued expenses	<u>1,378</u>
Net cash provided by operating activities	<u>28,072</u>
Cash Flows for Acquisition Activities:	
	<u>0</u>
Cash Flows for Investing Activities:	
Capital contribution	<u>0</u>
Net increase in cash	28,072
Cash - beginning of the year	<u>33,005</u>
Cash - December 31, 2006	<u><u>\$ 61,077</u></u>
Supplemental Cash Flow Information	
Cash paid for interest	<u>\$ 0</u>
Cash paid for income tax	<u>\$ 0</u>

See accompanying notes to financial statements

GCM SECURITY SECURITIES CORP.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

NOTE 1 - NATURE OF BUSINESS

GCM Security Securities Corp. (Company) was formed to conduct business primarily as an investment banking and financial advisory firm. The Company was approved by the NASD on May 9, 2006. The Company is one hundred percent owned by Global Capital Markets, Inc.

The Company does not hold customers' funds or securities. As a result, the Company is exempt from certain provisions and requirements under Rule 15c3-3, pursuant to SEC Rule 17a-5(d)(3) (k)(2)(i) of the Securities Exchange Commission.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Revenue Recognition** – Investment banking fees are contingent on, and are recognized upon, the successful completion of a project. Investment banking fees are generated from services related to a limited number of transactions. Due to the nature of the Company's business, the size of any one transaction may be significant to the Company's operations for the period.

**Income taxes** - The Company elected to be taxed as a qualified subchapter S subsidiary (Q Sub) with its parent reporting as an S Corporation for Federal and California state income tax purposes. As a Q Sub, the Company's asset, liability, income and expense items are treated as though they were owned, held or incurred by the parent S Corporation. As per a Tax and Expense sharing agreement, all taxes are paid by the parent company, Global Capital Markets, Inc.

**Use of estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GCMi SECURITIES CORP.  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2006

NOTE 3 - NET CAPITAL REQUIREMENT

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital (\$5,000), as defined, under such provisions. See page 9 for the computation of net capital.

NOTE 4 - INCOME TAXES

The Company elected to be taxed as a qualified subchapter S subsidiary (Q Sub) with its parent reporting as an S Corporation for Federal and California state income tax purposes. As a Q Sub, the Company's asset, liability, income and expense items are treated as though they were owned, held or incurred by the parent S Corporation. As per a Tax and Expense sharing agreement, all taxes are paid by the parent company, Global Capital Markets, Inc.

NOTE 5 - INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS UNDER RULE 15c3-3

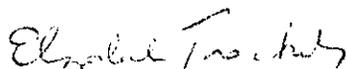
The Company is exempt from the Rule 15c3-3 as it relates to possession and control requirements under the (k)(2)(i) exemptive provision. The Company does not hold funds, securities or carry accounts for customers. In the opinion of management, The Company has complied with the exemptive provisions throughout the year ended December 31, 2006.

**ELIZABETH** CERTIFIED  
**TRACTENBERG** PUBLIC  
ACCOUNTANT

**Independent Auditor's Report on Supplemental Information**

Board of Directors  
GCMi Securities Corp.  
Irvine, California

My report on my audit of the basic financial statements of GCMi Securities Corp. for December 31, 2006 was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of operating expenses on Page 9 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.



Elizabeth Tractenberg, CPA  
Los Angeles, California  
February 7, 2007

GCMi SECURITIES CORP.  
SCHEDULE OF OPERATING EXPENSES  
FOR YEAR ENDED DECEMBER 31, 2006

OPERATING EXPENSES	
Consulting	\$ 52,500
Insurance	1,198
Licenses and permits	2,647
Miscellaneous	701
Office expense	7,000
Professional fees	<u>15,455</u>
TOTAL OPERATING EXPENSES	<u>\$ 79,503</u>

See accompanying notes to financial statements

GCMi SECURITIES CORP.  
 COMPUTATION OF NET CAPITAL REQUIREMENTS PURSUANT  
 TO RULE 15c3-1  
 DECEMBER 31, 2006

COMPUTATION OF NET CAPITAL

Total ownership equity from statement of financial condition	\$ 61,199
Nonallowable assets:	
Commissions receivable	<u>(1,500)</u>
NET CAPITAL	<u>\$ 59,700</u>

COMPUTATION OF NET CAPITAL REQUIREMENTS

Minimum net aggregate indebtedness - 6.67% of net aggregate indebtedness	<u>\$ 92</u>
Minimum dollar net capital required	<u>\$ 5,000</u>
Net Capital required (greater of above amounts)	<u>\$ 5,000</u>
EXCESS CAPITAL	<u>\$ 54,700</u>

Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)	<u>\$ 59,563</u>
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COMPUTATION OF AGGREGATE INDEBTEDNESS

Total liabilities	\$ 1,377
Aggregate indebtedness to net capital	0.02

RECONCILIATION

The following is a reconciliation of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 179-5(d)(4):

NET CAPITAL PER COMPANY'S COMPUTATION	\$ 61,199
VARIANCE -	
Commissions receivable - non allowable	(1,500)
Rounding	<u>1</u>
NET CAPITAL PER AUDITED REPORT	<u>\$ 59,700</u>

See accompanying notes to financial statements

PART II

GCM SECURITY SECURITIES CORP.

STATEMENT OF INTERNAL CONTROL

DECEMBER 31, 2006

**ELIZABETH** CERTIFIED  
**TRACTENBERG** PUBLIC  
ACCOUNTANT

Independent Auditor's Report  
on Internal Accounting Control Required by SEC Rule 17a-5

Board of Directors  
GCMC Securities Corp.  
Irvine, California

In planning and performing my audit of the financial statements and supplemental schedules GCMC Securities Corp. (the Company) for the year ended December 31, 2006, I considered its internal control, including control activities for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), I have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that I considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-5(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, I did not review the practices and procedures followed by the Company in any of the following:

1. Making 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 Federal Reserve Regulation T of the Board Governors of the Federal Reserve System

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 controls 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 internal control and the practices and procedures are to provide

Board of Directors  
GCMi Securities Corp.  
Irvine, California

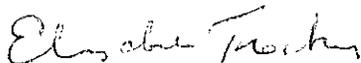
management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation 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 internal control or the practices and procedures referred to above, error or fraud 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.

My consideration of internal control would not necessarily disclose all matters in 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 the specific internal control components does not reduce to a relatively low level the risk that 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, I noted no matters involving internal control, including control activities for safeguarding securities, that I consider to be material weaknesses as defined above.

I 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 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 my study, I believe that the Company's practices and procedures were adequate on December 31, 2006 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, 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 for anyone other than these specified parties.



Elizabeth Tractenberg, CPA  
Los Angeles, California  
February 7, 2007