

SEC



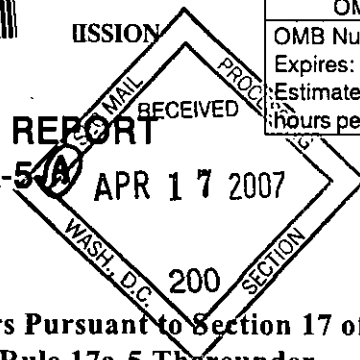
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MISSION

CM

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

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



| SEC FILE NUMBER |
|-----------------|
| B-67274         |

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 1/1/06 AND ENDING 12/31/06  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Fulcrum Securities, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
12010 Sunset Hills Rd., Suite 875  
(No. and Street)  
Reston VA 20190  
(City) (State) (Zip Code)

| OFFICIAL USE ONLY |
|-------------------|
| FIRM I.D. NO.     |

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Michael Kissinger (703) 689-4001  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
William J. Capezio, CPA  
(Name - if individual, state last, first, middle name)  
42693 Rolling Rock Sq. Chantilly, VA 20152  
(Address) (City) (State) (Zip Code)

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

**PROCESSED**  
**MAY 24 2007**  
**THOMSON FINANCIAL**

| FOR OFFICIAL USE ONLY |
|-----------------------|
|                       |

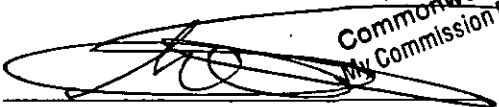
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)


an

OATH OR AFFIRMATION

I, Michael Kissinger, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Fulcrum Securities, as of April 13, 2007, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
Notary Public  
**Geovani Flores**  
**NOTARY PUBLIC**  
Commonwealth of Virginia  
My Commission Expires 10/31/08

  
Signature  
Vice President  
Title

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 15c3-3 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).

Fulcrum Securities, Inc.  
Computation of Net Capital Under Rule 15c3-3  
Under the Securities Act of 1934  
Schedule I  
As of December 31, 2006

|   |                         |
|---|-------------------------|
| Total aggregated indebtedness   | <b><u>\$ 51,657</u></b> |
| Net Capital:  |                         |
| Common Stock  | 19                      |
| Additional Paid in Capital  | 111,360                 |
| Contributed Capital   | 10,666                  |
| Accumulated Deficit   | ( 48,841)               |
| Equipment ( Net)  | ( 10,565)               |
| Lease Deposits  | (16,479 )               |
| Clearing House Deposit  | <u>25,000</u>           |
| Net Capital   | <b><u>\$ 71,160</u></b> |
| Reconciliation with the Company's Computation<br>(included in Part II of Form X-17a-5 as of December 31,2006) |                         |
| Net Capital, as reported in Company's Part II<br>Focus Report (unaudited)                                     | \$ 62,932               |
| Audit Adjustments   | <u>8,228</u>            |
| Net Capital per above   | <b><u>\$ 71,160</u></b> |

We have attached all the detail that explains the delta between the Audited financial report and Focus filing for December 31, 2006. The attachments include all adjusting journal entries.

The majority of the entries are reclassification. The important journal entries that impact the net capital computation are the special Pershing accounts. These accounts are for the various types of transactions that the firm is involved in. The reason they were not included originally was in part because it was understood that these accounts would concentrate into a Pro Cash account and in essence these accounts would be a zero balance accounts. We have attached the account statements. The account statements show a netting effect between the various accounts, so not all accounts have positive balances.

We have included a brief description of each of the adjusting journal entry below each entry to provide some guidance on the reason for the entry.

Fulcrum Securities, Inc  
 Adjusting Journal Entries  
 December 31,2006

|   | Debit             | Credit            |
|---|-------------------|-------------------|
| <b>Number 1</b>   |                   |                   |
| Travel  | \$2,642.90        |                   |
| Telephone   | \$106.36          |                   |
| Computer Equipment  | \$3,215.98        |                   |
| Supplies  | \$75.76           |                   |
| Dues & Subscription                                       | \$165.00          |                   |
| Car Rentals   | \$211.46          |                   |
| Printing  | \$248.76          |                   |
| Meals & Entertainment                                     |                   | \$6,666.22        |
|   | <b>\$6,666.22</b> | <b>\$6,666.22</b> |
| To reclass meals expense to proper classification         |                   |                   |
| <b>Number 2</b>   |                   |                   |
| Contracted Services                                       | \$4,167.50        |                   |
| Payroll Expenses  |                   | \$4,167.50        |
|   | <b>\$4,167.50</b> | <b>\$4,167.50</b> |
| To reclass non payroll expenses                           |                   |                   |
| <b>Number 3</b>   |                   |                   |
| Payroll Liabilities                                       | \$7,491.37        |                   |
| Payroll Expenses  |                   | \$7,491.37        |
|   | <b>\$7,491.37</b> | <b>\$7,491.37</b> |
| To adjust for duplicate entry                             |                   |                   |
| <b>Number 4</b>   |                   |                   |
| Payroll Tax Expenses                                      | \$6,453.96        |                   |
| Payroll Expenses  |                   | \$6,453.96        |
|   | <b>\$6,453.96</b> | <b>\$6,453.96</b> |
| To record portion of Payroll expenses attributed to taxes |                   |                   |
| <b>Number 5</b>   |                   |                   |
| Contracted Services                                       | \$209.23          |                   |
| Payroll Expenses  |                   | \$209.23          |
|   | <b>\$209.23</b>   | <b>\$209.23</b>   |
| To reclass Fees charged to process P/R                    |                   |                   |
| <b>Number 6</b>   |                   |                   |
| Contracted Services                                       | \$4,500.00        |                   |
| Professional Fees   |                   | \$4,500.00        |
|   | <b>\$4,500.00</b> | <b>\$4,500.00</b> |
| Reclass Kissinger & Kearns Expense                        |                   |                   |
| <b>Number 7</b>   |                   |                   |
| Commission Income   | \$32.63           |                   |
| Interest Income   |                   | \$32.63           |

|                                       |                |                |
|---------------------------------------|----------------|----------------|
|                                       | <b>\$32.63</b> | <b>\$32.63</b> |
| Reclass Interest from Procash Account |                |                |

**Number 8**

|                   |                   |                   |
|-------------------|-------------------|-------------------|
| Rent Payable      | \$2,347.60        |                   |
| Telephone Payable | \$953.77          |                   |
| Rent Expense      |                   | \$2,347.60        |
| Telephone Expense |                   | \$953.77          |
| Accounts Payable  | \$347.48          |                   |
| Printing Expense  |                   | \$347.48          |
|                   | <b>\$3,648.85</b> | <b>\$3,648.85</b> |

Reverse Oct accrual paid by Fulcrum  
Advisory Services

**Number 9**

|                   |                   |                   |
|-------------------|-------------------|-------------------|
| Equipment Rental  | \$477.53          |                   |
| Employee Benefits | \$270.44          |                   |
| Printing          | \$261.89          |                   |
| Accrued Expenses  |                   | \$1,009.86        |
|                   | <b>\$1,009.86</b> | <b>\$1,009.86</b> |

To accrue expenses to OFK

**Number 10**

|                              |                    |                    |
|------------------------------|--------------------|--------------------|
| Pershing Operating           | \$15,281.34        |                    |
| Pershing Mutual Fund         | \$10,355.63        |                    |
| Risk Principal               | \$714.60           |                    |
| Principal Trading            | \$459.72           |                    |
| Sundry Charges               |                    | \$19,343.21        |
| Commission                   | \$8,089.25         |                    |
| Due to Customer              |                    | \$15,281.34        |
| Commissions Earned           |                    | \$18,994.64        |
| Interest Income              |                    | \$624.56           |
| Clearing House Analysis Fees | \$19,343.21        |                    |
|                              | <b>\$54,243.75</b> | <b>\$54,243.75</b> |

To Record Pershing Special Accounts

**Number 11**

|                              |                   |                   |
|------------------------------|-------------------|-------------------|
| Computer Equipment           | \$4,461.49        |                   |
| Computer & Internet Expenses |                   | \$4,461.49        |
|                              | <b>\$4,461.49</b> | <b>\$4,461.49</b> |

Reclass Fixed assets

**Number 12**

|                       |                   |                   |
|-----------------------|-------------------|-------------------|
| Furniture & Equipment | \$3,727.37        |                   |
| Telephone Expense     |                   | \$2,783.00        |
| Office Supplies       |                   | \$944.37          |
|                       | <b>\$3,727.37</b> | <b>\$3,727.37</b> |

Reclass Indianapolis office expense to  
fixed assets

**Number 13**

|                      |          |  |
|----------------------|----------|--|
| Depreciation Expense | \$839.00 |  |
|----------------------|----------|--|

|                          |                 |                 |
|--------------------------|-----------------|-----------------|
| Accumulated Depreciation |                 | \$839.00        |
|                          | <b>\$839.00</b> | <b>\$839.00</b> |

**Number 14**

|                  |                    |                    |
|------------------|--------------------|--------------------|
| Sun Trust Cash   | \$10,669.00        |                    |
| Beginning Equity |                    | \$10,669.00        |
|                  | <b>\$10,669.00</b> | <b>\$10,669.00</b> |

To establish Beginning Cash at Jan 1,2006

**Number 15**

|                           |                    |                    |
|---------------------------|--------------------|--------------------|
| Capital Stock             | \$48,000.00        |                    |
| Commission Income         |                    | \$20,000.00        |
| Notes Payable - Kissinger |                    | \$8,000.00         |
| Notes Payable - Megliola  |                    | \$20,000.00        |
|                           | <b>\$48,000.00</b> | <b>\$48,000.00</b> |

To reclass mispostings to Capital Stock

**Number 16**

|                            |                     |                     |
|----------------------------|---------------------|---------------------|
| Capital Stock              | \$111,359.74        |                     |
| Additional Paid in Capital |                     | \$111,359.74        |
|                            | <b>\$111,359.74</b> | <b>\$111,359.74</b> |

To set up legal capital based on \$.01 per share

**Number 17**

|              |                |                |
|--------------|----------------|----------------|
| Bank Charges | \$17.62        |                |
| Recon Diff   |                | \$17.62        |
|              | <b>\$17.62</b> | <b>\$17.62</b> |

To class expenses

**Number 18**

|                          |                 |                 |
|--------------------------|-----------------|-----------------|
| Interest Expense         | \$509.30        |                 |
| Accrued Interest Payable |                 | \$509.30        |
|                          | <b>\$509.30</b> | <b>\$509.30</b> |

To accrue Interest on Notes Payable

**Number 19**

|                        |                   |                   |
|------------------------|-------------------|-------------------|
| Commission Income      | \$6,915.98        |                   |
| Commissions Receivable |                   | \$6,915.98        |
|                        | <b>\$6,915.98</b> | <b>\$6,915.98</b> |

To adjust for Oct Commissions booked directly to income

**Number 20**

|                              |                    |                    |
|------------------------------|--------------------|--------------------|
| Due from Pershing            | \$12,696.00        |                    |
| Clearing House Analysis Fees |                    | \$12,696.00        |
|                              | <b>\$12,696.00</b> | <b>\$12,696.00</b> |

To adjust for Oct-Dec fees charged in error adjusted Jan 07

**Number 21**

|                                    |                 |                 |
|------------------------------------|-----------------|-----------------|
| Payroll Expense                    | \$814.20        |                 |
| Payroll Taxes                      |                 | \$814.20        |
|                                    | <b>\$814.20</b> | <b>\$814.20</b> |
| To adjust for w-2 payroll analysis |                 |                 |

**Number 22**

|                            |                   |                   |
|----------------------------|-------------------|-------------------|
| Professional Fees          | \$4,450.00        |                   |
| Accrued Expenses           |                   | \$4,450.00        |
|                            | <b>\$4,450.00</b> | <b>\$4,450.00</b> |
| To Accrue audit & tax fees |                   |                   |





# Brokerage Account Statement

Account Number: NAW-891004  
 Statement Period: 08/16/2006 - 12/31/2006

## Valuation at a Glance

|                         | This Period | Year-to-Date |
|-------------------------|-------------|--------------|
| Beginning Account Value | \$0.00      | \$0.00       |
| Change in Account Value | 459.72      | 459.72       |
| Ending Account Value    | \$459.72    | \$459.72     |

FULCRUM SECURITIES INC  
 -- PRINCIPAL TRADING ACCOUNT --  
 12010 SUNSET HILLS RD STE 875  
 RESTON VA 20190-3285

## Asset Allocation

|                           | Value<br>Prior Year-End | Value<br>Last Period | Value<br>This Period | Percent<br>Allocation |
|---------------------------|-------------------------|----------------------|----------------------|-----------------------|
| Cash and Cash Equivalents | 0.00                    | 0.00                 | 459.72               | 100%                  |
| Account Total             | \$0.00                  | \$0.00               | \$459.72             | 100%                  |

Your Account is 100% invested in Cash and Cash Equivalents.



## Customer Service Information

Your Investment Professional: 000

Contact Information

E-Mail Address: mck@fulcrumsecurities.com

Customer Service Information

Service Hours: Weekdays 08:30 a.m. - 05:00 p.m. ET  
 Customer Service Telephone Number: (703) 689-4001  
 Web Site: www.fulcrumsecurities.com

## Portfolio Holdings

| Quantity | Description   | Opening Balance | Closing Balance | Accrued Income | Income This Year | 30-day Yield |
|----------|---|-----------------|-----------------|----------------|------------------|--------------|
|          | <b>Cash and Cash Equivalents 100.00% of Portfolio</b> |                 |                 |                |                  |              |
|          | Margin Balance  | 0.00            | 459.72          |                |                  |              |
|          | <b>Total Cash and Cash Equivalents</b>                | <b>\$0.00</b>   | <b>\$459.72</b> | <b>\$0.00</b>  | <b>\$0.00</b>    |              |

Description

Market Value  
 Accrued Interest  
 Estimated Annual Income

## Total Portfolio Holdings

**\$459.72**  
**\$0.00**  
**\$0.00**

■ This symbol next to the quantity indicates a position in your margin account.

### Disclosures and Other Information

Pricing - Securities prices may vary from actual liquidation value. Prices shown should only be used as a general guide to portfolio value. Prices are received from various pricing services. However, pricing services are sometimes unable to provide timely information. Where pricing sources are not readily available, particularly on certain debt securities, estimated prices may be generated by a matrix system taking various factors into consideration. The pricing of listed options takes into account the last closing price, as well as the current bid and offer prices. Where securities have not been priced, such securities have not been included in the Asset Allocation information at the beginning of this statement.

Foreign Currency Transactions - Pershing may execute foreign currency transactions as principal for your account. Pershing may automatically convert foreign currency to or from U.S. dollars for dividends and similar corporate action transactions unless you instruct your financial organization otherwise. Pershing's currency conversion rate will not exceed the highest interbank conversion rate identified from customary banking sources on the conversion date or the prior business day, increased by up to 1%, unless a particular rate is required by applicable law. Your financial organization may also increase the currency conversion rate. This conversion rate may differ from rates in effect on the date you executed a transaction, incurred a charge, or received a credit. Transactions converted by agents (such as depositories) will be billed at the rates such agents use.

Proxy Vote - Securities held by you on margin (securities not fully paid for by you) may be lent by Pershing to itself or others in accordance with the terms outlined in the Margin Agreement. The right to vote your shares held on margin will be reduced by the amount of shares on loan. The Proxy Voting Instruction Form sent to you may reflect a smaller number of shares entitled to vote than the number of shares in your margin account.

# Brokerage Account Statement

Statement Period: 08/16/2006 - 12/31/2006

## Transactions by Type of Activity

| Process/<br>Settlement<br>Date                                 | Trade/<br>Transaction<br>Date | Activity Type | Description  | Quantity   | Price   | Accrued Interest | Amount        | Ccy        |
|--|-------------------------------|---------------|--|------------|---------|------------------|---------------|------------|
| 12/20/06   | 12/15/06                      | PURCHASED     | FORD MTR CR CO CONTINUOUSLY OFFERED<br>BDS RETAIL 5.750% 02/20/14 B/E  | 2,000.000  | 75.9690 | -38.33           | -1,557.71     | USD        |
| 12/20/06   | 12/15/06                      | SOLD          | DTD 02/04/04 CLB YLD 10.620 TO MAT<br>FORD MTR CR CO CONTINUOUSLY OFFERED<br>BDS RETAIL 5.750% 02/20/14 B/E            | -2,000.000 | 76.4690 | 38.33            | 1,567.71      | USD        |
| 12/29/06   | 12/26/06                      | PURCHASED     | DTD 02/04/04 CLB YLD 10.500 TO MAT<br>FT UNIT 1227 TARGET FOCUS FOUR<br>PORTFOLIO DEC 2006 SER MONTHLY<br>REINVESTMENT | 1,969.000  | 9.9249  |                  | -19,542.12    | USD        |
| 12/29/06   | 12/26/06                      | SOLD          | FT UNIT 1227 TARGET FOCUS FOUR<br>PORTFOLIO DEC 2006 SER MONTHLY<br>REINVESTMENT                                       | -1,969.000 | 10.1533 |                  | 19,991.84     | USD        |
| <b>Total Securities Bought and Sold - UNITED STATES DOLLAR</b> |                               |               |  |            |         |                  | <b>459.72</b> | <b>USD</b> |

## Total Value of All Transactions

The price and quantity displayed may have been rounded.

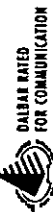
**459.72 USD**

## Messages

WE HAVE CONSOLIDATED TRADE CONFIRMATIONS IN RESPONSE TO REQUESTS FROM INVESTORS LIKE YOU TO REDUCE THE VOLUME OF PAPER YOU RECEIVE FROM US. CONFIRMATIONS FOR TRADE EXECUTIONS NOW PRINT ON BOTH SIDES OF A SHEET OF PAPER - EACH SIDE OF A PAGE IS NUMBERED, AND UP TO EIGHT SHEETS ARE INCLUDED IN ONE ENVELOPE. THIS MEANS THAT YOU MAY RECEIVE UP TO 15 TRADE CONFIRMATIONS AND ONE TERMS AND CONDITIONS PAGE PER ENVELOPE - REDUCING THE VOLUME OF PAPER YOU RECEIVE.

## Accrued Interest Summary

|   | Current Period  |               | Year-to-Date    |               |
|---|-----------------|---------------|-----------------|---------------|
|   | Taxable         | Non Taxable   | Taxable         | Non Taxable   |
| Accrued Interest Paid<br>Corporate Bond     | -38.33          | 0.00          | -38.33          | 0.00          |
| <b>Total Accrued Interest Paid</b>          | <b>-\$38.33</b> | <b>\$0.00</b> | <b>-\$38.33</b> | <b>\$0.00</b> |
| Accrued Interest Received<br>Corporate Bond | 38.33           | 0.00          | 38.33           | 0.00          |
| <b>Total Accrued Interest Received</b>      | <b>\$38.33</b>  | <b>\$0.00</b> | <b>\$38.33</b>  | <b>\$0.00</b> |



## TERMS AND CONDITIONS

### GENERAL INFORMATION

1. All orders and transactions shall be solely for your account and risk shall be subject to the constitution, rules, regulations, customs, usages, rulings and interpretations of the exchange or market and the clearing facility, if any, where the transactions are executed and/or settled, or if applicable, of the National Association of Securities Dealers, Inc., and to all applicable laws and regulations.
2. Whenever you are indebted to Pershing LLC ("Pershing") for any amount, all securities held by it for you in any account in which you have any interest shall accrue all your liabilities to Pershing, and Pershing may, in its discretion at any time, without tender, demand or notice to you, close or reduce any or all of your accounts by public sale or purchase of both of all or any securities carried in such accounts; any balance remaining due Pershing to be promptly paid by you.
3. Whenever you are indebted to Pershing for any amount, all securities carried for your account are or may be, without further notice to you, loaned or pledged by Pershing, either separately or under circumstances which will permit the commingling thereof, with other securities for any amount less than, equal to or greater than your liabilities to Pershing, but not under circumstances for an amount prohibited by law.
4. Title to securities sold to you, where Pershing has acted as principal, shall remain with Pershing until the entire purchase price is received or until the settlement date, whichever is later.
5. Any free credit balance carried for your account represents funds payable upon demand which, although properly accounted for on Pershing's books of record, are not segregated and may be used in the conduct of its business.
6. You may have received confirmations for transactions which do not appear on your statement. If so, the transactions will appear on your next periodic statement. Such transactions must be considered by you when computing the value of your account. This is especially true if you have written options which have been exercised.
7. If you maintain a margin account, this is a combined statement of your general account and a special memorandum account maintained for you under Regulation T of the Board of Governors of the Federal Reserve System. The permanent record of the separate account as required by Regulation T is available for your inspection upon request.
8. Interest charged on debit balances in your account appears on the statement. The rate of interest and period covered are indicated. The rate may change from time to time due to fluctuations in money rates or other reasons. Interest is computed as described in material previously furnished to you. Please contact your financial institution if you desire additional copies.
9. A financial statement of Pershing is available for your personal inspection at Pershing's offices. A copy of it will be mailed upon your written request or you can view it online at Pershing.com.
10. This statement should be retained for your records.
11. Dividends, interest and other distributions shown on this statement were classified as taxable or nontaxable based on certain information known as of the distribution date. This classification is subject to change and is solely intended for use as general information. At that time end, Pershing is required to provide tax information to the Internal Revenue Service and other governmental authorities. At that time Pershing will provide that information on the annual tax information statement to you; use that statement to prepare your tax filings. The tax statement also includes other useful information to assist in accumulating the data to prepare your tax returns.
12. Pershing does not provide tax, investment or legal advisory services and no one associated with Pershing is authorized to render such advice. Do not rely upon any such advice, if given. Investors are encouraged to consult their tax advisors to determine the appropriate tax treatment of their business.
13. Pershing provides account protection for the net equity of securities positions and cash held in your account. Of this total, the Securities Investor Protection Corporation (SIPC) provides \$500,000 of coverage, including \$100,000 for claims for cash. Pershing provides additional protection on terms similar to SIPC for account net equity in excess of \$500,000 through a commercial insurer. The account protection applies when a SIPC member firm fails financially and is unable to meet obligations to securities clients, but it does not protect against losses from the rise and fall in the market value of investments.
14. Pershing trades for its own account as a market maker, specialist, odd lot dealer, block positioner, arbitrageur and/or investor. Consequently, at the time of any transaction you may make, Pershing may have a position in such securities, which position may be partially or completely hedged.
15. If average price transaction is indicated on the front of this statement your financial institution or Pershing may have acted as principal, agent or both. Details available upon request.
16. This statement will be deemed conclusive and an account stated unless you advise Pershing in writing of any objection to it within ten days after receipt. Any such objection should be sent to Pershing at One Pershing Plaza, Jersey City, NJ 07399, Attn: Compliance.

### PORTFOLIO HOLDINGS

This section includes the net market value of the securities in your account on a settlement date basis, including short positions, at the close of the statement period. The market prices have been obtained from quotation services, which we believe to be reliable; however, we cannot guarantee their accuracy. Securities for which a price is not available are marked "N/A" and are omitted from the Total. The Annual Income, which is an estimated figure, is the current interest or most recently declared dividend for each security and is distributed may be more or less than those estimated on this statement. The Annual Income is then divided by the current Market Value to give the Estimated Yield which too could vary substantially because the income is estimated and it does not take account of your holding period. Annual Income has been obtained from sources believed to be reliable, but no assurance can be made as to accuracy. Accrued interest represents interest earned but not yet received.

### THE ROLE OF PERSHING

Pershing carries your account as clearing broker pursuant to a clearing agreement with your financial institution. Pershing may accept from your financial institution without inquiry or investigation (i) orders for the purchase and sale of securities and other property and (ii) any other instructions concerning your account. Pershing is not responsible or liable for any acts or omissions of your financial institution or its employees and it does not supervise them. Pershing provides no investment advice nor does it assess the suitability of any transaction or order. Pershing acts as the agent of your financial institution and you agree that you will not hold Pershing or any person controlling or under common control with it liable for any investment losses incurred by you.

If any of the above Terms and Conditions are unacceptable to you, please notify Pershing immediately in writing by certified mail to One Pershing Plaza, Jersey City, NJ 07399, Attn: Compliance.

Pershing performs several key functions at the direction of your financial institution. It acts as custodian for funds and securities you may deposit with it directly or through your financial institution or that it receives as the result of securities transactions it processes. Inquiries concerning the positions and balances in your account may only be directed to the Pershing Customer Service Department at (201) 413-3333. All other inquiries regarding your account or activity should be directed to your financial institution. For a description of other functions performed by Pershing please consult the Disclosure Statement provided to you upon the opening of your account.

Your financial institution is responsible for adherence to the securities laws, regulations and rules which apply to it regarding its own operations and the supervision of your account, its sales representatives and other personnel. Your financial institution is also responsible for approving the opening of accounts and obtaining account documents; the acceptance and, in certain instances, execution of securities orders; the assessment of the suitability of those transactions, where applicable; the rendering of investment advice, to you and in general, for the ongoing relationship that it has with you.

Pershing may capture and store data about you such as your financial information and investment objectives. However, Pershing is not reviewing this information and evaluating whether your investments comport with your financial status and objectives and you hereby release Pershing from any liability to do so. Similarly, Pershing may capture and store information about whether a broker or an introducing firm is registered in a given state. You hereby release Pershing from any liability to review this data or to evaluate whether a particular security is registered or exempt from registration in your State.

This notice is not meant as a definitive enumeration of every possible circumstance, but as a general disclosure. If you have any questions regarding this notice or if you would like additional copies of the Disclosure Statement, please contact your financial institution.

### PAYMENT FOR ORDER FLOW PRACTICES

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Pershing sends certain equity orders to exchanges, Electronic Communication Networks, or broker-dealers during normal business hours and during extended trading sessions. Certain of these venues provide payments to Pershing or charge access fees to Pershing depending upon the characteristics of the order and any subsequent execution. In addition, Pershing may execute certain equity orders as principal. The details of these payments and fees are available upon written request. Pershing receives payments for directing listed options order flow to certain option exchanges. Compensation is generally in the form of a per option contract cash payment. Compensation is generally in the form of a per option contract cash payment. For a listing of organizations that pay Pershing for order flow, please refer to [www.pershing.com/orderflow.html](http://www.pershing.com/orderflow.html).

### Best Execution

Notwithstanding the previous paragraph regarding payment for order flow, Pershing selects certain market centers to provide execution of over-the-counter and exchange-listed securities transactions which agree to accept orders, transmitted electronically up to a specified size, and to execute them at or better than the national best bid or offer (NBBO). On certain larger orders, or if the designated market centers do not make a market in the subject security, Pershing directly contacts market centers to obtain an execution. The designated market centers to which orders are automatically routed are selected based on the consistent high quality of their executions in one or more market segments and their ability to provide opportunities for executions at prices superior to the NBBO.

If an order for an exchange-listed security is not immediately executable on the exchange to which it is routed, such order may be represented in the national marketplace using the various means available for price discovery. Pershing also regularly reviews reports for quality of execution purposes.

### ARBITRATION

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- THE RULES OF THE ARBITRATION FORUM IN WHICH THE CLAIM IS FILED, AND ANY AMENDMENTS THERETO, SHALL BE INCORPORATED INTO THIS AGREEMENT.

### ARBITRATION AGREEMENT

ANY CONTROVERSY BETWEEN YOU AND US SHALL BE SUBMITTED TO ARBITRATION BEFORE THE NEW YORK STOCK EXCHANGE, INC., ANY OTHER NATIONAL SECURITIES EXCHANGE ON WHICH A TRANSACTION GIVING RISE TO THE CLAIM TOOK PLACE (AND ONLY BEFORE SUCH EXCHANGE), OR THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

NO PERSON SHALL BRING A PUTATIVE CLASS ACTION TO ARBITRATION. NOR SEEK TO ENFORCE ANY PRESCRIPTIVE ARBITRATION AGREEMENT AGAINST ANY PERSON WHO HAS INITIATED IN COURT A PUTATIVE CLASS ACTION WHO IS A MEMBER OF A PUTATIVE CLASS WHO HAS NOT OPTED OUT OF THE CLASS WITH RESPECT TO ANY CLAIMS ENCOMPASSED BY THE PUTATIVE CLASS ACTION UNTIL: (i) THE CLASS CERTIFICATION IS DENIED; (ii) THE CLASS IS DECERTIFIED; OR (iii) THE CUSTOMER IS EXCLUDED FROM THE CLASS BY THE COURT. SUCH FORFEITURE TO ENFORCE AN AGREEMENT TO ARBITRATE SHALL NOT CONSTITUTE A WAIVER OF ANY RIGHTS UNDER THIS AGREEMENT EXCEPT TO THE EXTENT STATED HEREIN.

THE LAWS OF THE STATE OF NEW YORK GOVERN.



# Brokerage Account Statement

Account Number: NAW-891012  
 Statement Period: 12/01/2006 - 12/31/2006

## Valuation at a Glance

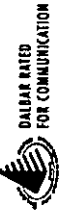
|                         | This Period | Year-to-Date |
|-------------------------|-------------|--------------|
| Beginning Account Value | \$2.10      | \$0.00       |
| Cash Deposits           | 0.00        | 1,284.57     |
| Cash Withdrawals        | 0.00        | -4,924.06    |
| Dividends/Interest      | 0.00        | 2.10         |
| Change in Account Value | 712.50      | 4,351.99     |
| Ending Account Value    | \$714.60    | \$714.60     |

FULCRUM SECURITIES INC  
 -- RISKLESS PRINCIPAL --  
 12010 SUNSET HILLS RD STE 875  
 RESTON VA 20190 - 3285

## Asset Allocation

|                           | Prior Year-End | Value<br>Last Period | Value<br>This Period | Percent<br>Allocation |
|---------------------------|----------------|----------------------|----------------------|-----------------------|
| Cash and Cash Equivalents | 0.00           | 2.10                 | 714.60               | 100%                  |
| Account Total             | \$0.00         | \$2.10               | \$714.60             | 100%                  |

Your Account is 100% invested in Cash and Cash Equivalents.



## Customer Service Information

Your Investment Professional: 000

### Contact Information

E-Mail Address: [mck@fulcrumsecurities.com](mailto:mck@fulcrumsecurities.com)

### Customer Service Information

Service Hours: Weekdays 08:30 a.m. - 05:00 p.m. ET  
 Customer Service Telephone Number: (703) 689-4001  
 Web Site: [www.fulcrumsecurities.com](http://www.fulcrumsecurities.com)

## Portfolio Holdings

| Quantity  | Description                            | Opening Balance | Closing Balance | Accrued Income | Income This Year | 30-day Yield |
|---|--|-----------------|-----------------|----------------|------------------|--------------|
| <b>Cash and Cash Equivalents 100.00% of Portfolio</b> |  |                 |                 |                |                  |              |
|   | Cash Balance                           | -3,639.49       | -3,639.49       |                |                  |              |
|   | Margin Balance                         | 3,641.59        | 4,354.09        |                |                  |              |
|   | <b>Total Cash and Cash Equivalents</b> | <b>\$2.10</b>   | <b>\$714.60</b> | <b>\$0.00</b>  | <b>\$0.00</b>    |              |

### Description

## Total Portfolio Holdings

| Market Value    | Accrued Interest | Estimated Annual Income |
|-----------------|------------------|-------------------------|
| <b>\$714.60</b> | <b>\$0.00</b>    | <b>\$0.00</b>           |

■ This symbol next to the quantity indicates a position in your margin account.

### Disclosures and Other Information

Pricing - Securities prices may vary from actual liquidation value. Prices shown should only be used as a general guide to portfolio value. Prices are received from various pricing services. However, pricing services are sometimes unable to provide timely information. Where pricing sources are not readily available, particularly on certain debt securities, estimated prices may be generated by a matrix system taking various factors into consideration. The pricing of listed options takes into account the last closing price, as well as the current bid and offer prices. Where securities have not been priced, such securities have not been included in the Asset Allocation information at the beginning of this statement.

Foreign Currency Transactions - Pershing may execute foreign currency transactions as principal for your account. Pershing may automatically convert foreign currency to or from U.S. dollars for dividends and similar corporate action transactions unless you instruct your financial organization otherwise. Pershing's currency conversion rate will not exceed the highest interbank conversion rate identified from customary banking sources on the conversion date or the prior business day, increased by up to 1%, unless a particular rate is required by applicable law. Your financial organization may also increase the currency conversion rate. This conversion rate may differ from rates in effect on the date you executed a transaction, incurred a charge, or received a credit. Transactions converted by agents (such as depositories) will be billed at the rates such agents use.

Proxy Vote - Securities held by you on margin (securities not fully paid for by you) may be lent by Pershing to itself or others in accordance with the terms outlined in the Margin Agreement. The right to vote your shares held on margin will be reduced by the amount of shares on loan. The Proxy Voting Instruction Form sent to you may reflect a smaller number of shares entitled to vote than the number of shares in your margin account.

# Brokerage Account Statement

Statement Period: 12/01/2006 - 12/31/2006

## Transactions by Type of Activity

| Process/<br>Settlement<br>Date                                 | Trade/<br>Transaction<br>Date | Activity Type | Description  | Quantity    | Price   | Accrued Interest | Amount        | Ccy        |
|--|-------------------------------|---------------|--|-------------|---------|------------------|---------------|------------|
| 12/13/06   | 12/12/06                      | PURCHASED     | UNITED STATES TREAS BD STRIPPED CALL<br>PRIN PMT ON 7.25% 05/15/2016<br>0.000% 05/15/16 REG DTD 11/15/86<br>YLD 4.515 TO MAT | 60,000.000  | 65.6560 |                  | -39,393.60    | USD        |
| 12/13/06   | 12/12/06                      | SOLD          | UNITED STATES TREAS BD STRIPPED CALL<br>PRIN PMT ON 7.25% 05/15/2016<br>0.000% 05/15/16 REG DTD 11/15/86<br>YLD 4.351 TO MAT | -60,000.000 | 66.6560 |                  | 39,993.60     | USD        |
| 12/22/06   | 12/21/06                      | PURCHASED     | FEDERAL NATL MTG ASSN MEDIUM TERM<br>NTS STEP CPN 5.400% 03/06/18 B/E<br>DTD 03/07/03 CLB VARIABLE RATE                      | 47,000.000  | 94.3750 | -747.30          | -45,103.55    | USD        |
| 12/22/06   | 12/21/06                      | PURCHASED     | FEDERAL NATL MTG ASSN MEDIUM TERM<br>NTS STEP CPN 5.400% 03/06/18 B/E<br>DTD 03/07/03 CLB VARIABLE RATE                      | 43,000.000  | 94.3750 | -683.70          | -41,264.95    | USD        |
| 12/22/06   | 12/21/06                      | SOLD          | FEDERAL NATL MTG ASSN MEDIUM TERM<br>NTS STEP CPN 5.400% 03/06/18 B/E<br>DTD 03/07/03 CLB VARIABLE RATE                      | -90,000.000 | 94.5000 | 1,431.00         | 86,481.00     | USD        |
| <b>Total Securities Bought and Sold - UNITED STATES DOLLAR</b> |                               |               |  |             |         |                  | <b>712.50</b> | <b>USD</b> |

## Total Value of All Transactions

The price and quantity displayed may have been rounded.

**712.50 USD**

## Income and Expense Summary

|   | Current Period |             | Year-to-Date |             |
|---|----------------|-------------|--------------|-------------|
|   | Taxable        | Non Taxable | Taxable      | Non Taxable |
| Interest Income                               | 0.00           | 0.00        | 2.10         | 0.00        |
| Credit Interest                               | \$0.00         | \$0.00      | \$2.10       | \$0.00      |
| <b>Total Dividends, Interest and Expenses</b> |                |             |              |             |

## Messages

WE HAVE CONSOLIDATED TRADE CONFIRMATIONS IN RESPONSE TO REQUESTS FROM INVESTORS LIKE YOU TO REDUCE THE VOLUME OF PAPER YOU RECEIVE FROM US. CONFIRMATIONS FOR TRADE EXECUTIONS NOW PRINT ON BOTH SIDES OF A SHEET OF PAPER - EACH SIDE OF A PAGE IS NUMBERED, AND UP TO EIGHT SHEETS ARE INCLUDED IN ONE ENVELOPE. THIS MEANS THAT YOU MAY RECEIVE UP TO 15 TRADE CONFIRMATIONS AND ONE TERMS AND CONDITIONS PAGE PER ENVELOPE - REDUCING THE VOLUME OF PAPER YOU RECEIVE.

## Accrued Interest Summary

|  | Current Period     |               | Year-to-Date       |               |
|--|--------------------|---------------|--------------------|---------------|
|  | Taxable            | Non Taxable   | Taxable            | Non Taxable   |
| <b>Accrued Interest Paid</b>           |                    |               |                    |               |
| Corporate Bond                         | 0.00               | 0.00          | -1,371.68          | 0.00          |
| Other Government Bond                  | -1,431.00          | 0.00          | -2,830.37          | 0.00          |
| <b>Total Accrued Interest Paid</b>     | <b>-\$1,431.00</b> | <b>\$0.00</b> | <b>-\$4,202.05</b> | <b>\$0.00</b> |
| <b>Accrued Interest Received</b>       |                    |               |                    |               |
| Corporate Bond                         | 0.00               | 0.00          | 1,371.67           | 0.00          |
| Other Government Bond                  | 1,431.00           | 0.00          | 2,830.37           | 0.00          |
| <b>Total Accrued Interest Received</b> | <b>\$1,431.00</b>  | <b>\$0.00</b> | <b>\$4,202.04</b>  | <b>\$0.00</b> |



## TERMS AND CONDITIONS

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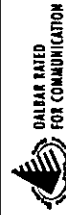
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THE LAWS OF THE STATE OF NEW YORK GOVERN.

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Account Number: N4W-891012  
FULCRUM SECURITIES INC

Clearing Through **Pershing**  
A NYM Securities Group Co.  
Subsidiary of The Bank of New York  
PAR-02-CUTSHEET

One Pershing Plaza, Jersey City, New Jersey 07399  
Pershing LLC, member NASD, FINRA, SIPC (Incorporated in Pershing Investments LLC)



# Brokerage Account Statement

Account Number: N4W-891020  
 Statement Period: 12/01/2006 - 12/31/2006

## Valuation at a Glance

FULCRUM SECURITIES INC  
 -- MUTUAL FUND PRINCIPAL --  
 12010 SUNSET HILLS RD STE 875  
 RESTON VA 20190-3285

|                         | This Period | Year-to-Date |
|-------------------------|-------------|--------------|
| Beginning Account Value | \$1,130.99  | \$0.00       |
| Dividends/Interest      | 3.64        | 7.63         |
| Change in Account Value | 9,221.00    | 10,348.00    |
| Ending Account Value    | \$10,355.63 | \$10,355.63  |

## Asset Allocation

Cash and Cash Equivalents  
 Account Total

| Value          | Value       | Value       | Percent    |
|----------------|-------------|-------------|------------|
| Prior Year-End | Last Period | This Period | Allocation |
| 0.00           | 1,130.99    | 10,355.63   | 100%       |
| \$0.00         | \$1,130.99  | \$10,355.63 | 100%       |

Your Account is 100% invested in Cash and Cash Equivalents.



## Customer Service Information

Your Investment Professional: 000

Contact Information

E-Mail Address: mck@fulcrumsecurities.com

Customer Service Information

Service Hours: Weekdays 08:30 a.m. - 05:00 p.m. ET  
 Customer Service Telephone Number: (703) 689-4001  
 Web Site: www.fulcrumsecurities.com

## Portfolio Holdings

| Quantity  | Description                            | Opening Balance   | Closing Balance    | Accrued Income | Income This Year | 30-day Yield |
|---|--|-------------------|--------------------|----------------|------------------|--------------|
| <b>Cash and Cash Equivalents 100.00% of Portfolio</b> |  |                   |                    |                |                  |              |
|   | Cash Balance                           | 1,127.00          | 10,348.00          |                |                  |              |
|   | Margin Balance                         | 3.99              | 7.63               |                |                  |              |
|   | <b>Total Cash and Cash Equivalents</b> | <b>\$1,130.99</b> | <b>\$10,355.63</b> | <b>\$0.00</b>  | <b>\$0.00</b>    |              |

Description

## Total Portfolio Holdings

|              |             |                  |        |                         |        |
|--------------|-------------|------------------|--------|-------------------------|--------|
| Market Value | \$10,355.63 | Accrued Interest | \$0.00 | Estimated Annual Income | \$0.00 |
|--------------|-------------|------------------|--------|-------------------------|--------|

■ This symbol next to the quantity indicates a position in your margin account.

### Disclosures and Other Information

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# Brokerage Account Statement

Statement Period: 12/01/2006 - 12/31/2006

## Transactions by Type of Activity

| Process/<br>Settlement<br>Date | Trade/<br>Transaction<br>Date | Activity Type              | Description  | Quantity   | Price   | Accrued Interest | Amount     | Ccy |
|--------------------------------|-------------------------------|----------------------------|--|------------|---------|------------------|------------|-----|
| 12/11/06                       | 12/06/06                      | SECURITIES BOUGHT AND SOLD |  |            |         |                  |            |     |
|                                |                               |                            | PURCHASED  |            |         |                  |            |     |
|                                |                               |                            | CALAMOS MARKET NEUTRAL INCOME FUND CLASS C 007025842             | 536.398    | 12.9195 |                  | -6,930.00  | USD |
|                                |                               |                            | NN4W404717 PROS UNDER SEP COVER HOLD PERS REV \$ SOLICITED ORDER |            |         |                  |            |     |
| 12/11/06                       | 12/06/06                      | SOLD                       | CALAMOS MARKET NEUTRAL INCOME FUND CLASS C 007025842             | -536.398   | 13.0500 |                  | 7,000.00   | USD |
|                                |                               |                            | NN4W404717 HOLD PERS REV \$ SOLICITED ORDER                      |            |         |                  |            |     |
| 12/11/06                       | 12/06/06                      | PURCHASED                  | GROWTH FUND OF AMERICA CLASS C 002837848 *N4W404493              | 117.683    | 32.8084 |                  | -3,861.00  | USD |
|                                |                               |                            | PROS UNDER SEP COVER HLD PERS ALL \$ SOLICITED ORDER             |            |         |                  |            |     |
| 12/11/06                       | 12/06/06                      | SOLD                       | GROWTH FUND OF AMERICA CLASS C 002837848 *N4W404493              | -117.683   | 33.1400 |                  | 3,900.00   | USD |
|                                |                               |                            | HLD PERS ALL \$ SOLICITED ORDER                                  |            |         |                  |            |     |
| 12/14/06                       | 12/11/06                      | PURCHASED                  | AMERICAN BALANCED FUND CLASS C 002052038 *N4W005084              | 2,575.992  | 19.2159 |                  | -49,500.00 | USD |
|                                |                               |                            | PROS UNDER SEP COVER HOLD PERS REV \$ SOLICITED ORDER            |            |         |                  |            |     |
| 12/14/06                       | 12/11/06                      | SOLD                       | AMERICAN BALANCED FUND CLASS C 002052038 *N4W005084              | -2,575.992 | 19.4100 |                  | 50,000.00  | USD |
|                                |                               |                            | HOLD PERS REV \$ SOLICITED ORDER                                 |            |         |                  |            |     |
| 12/15/06                       | 12/12/06                      | PURCHASED                  | AMERICAN BALANCED FUND CLASS C 002052666 *N4W400343              | 1,268.041  | 19.2060 |                  | -24,354.00 | USD |
|                                |                               |                            | PROS UNDER SEP COVER HOLD PERS REV \$ SOLICITED ORDER            |            |         |                  |            |     |
| 12/15/06                       | 12/12/06                      | SOLD                       | AMERICAN BALANCED FUND CLASS C 002052666 *N4W400343              | -1,268.041 | 19.4000 |                  | 24,600.00  | USD |
|                                |                               |                            | HOLD PERS REV \$ SOLICITED ORDER                                 |            |         |                  |            |     |
| 12/15/06                       | 12/12/06                      | PURCHASED                  | CALAMOS GROWTH & INCOME FUND CLASS C 007309629 NN4W006009        | 473.335    | 31.3731 |                  | -14,850.00 | USD |
|                                |                               |                            | PROS UNDER SEP COVER HOLD PERS REV \$ SOLICITED ORDER            |            |         |                  |            |     |

# Transactions by Type of Activity (continued)

| Process/<br>Settlement<br>Date | Trade/<br>Transaction<br>Date | Activity Type | Description  | Quantity   | Price   | Accrued Interest | Amount     | Ccy |
|--------------------------------|-------------------------------|---------------|--|------------|---------|------------------|------------|-----|
| 12/15/06                       | 12/12/06                      | PURCHASED     | Securities Bought and Sold (continued)                             |            |         |                  |            |     |
|                                |                               |               | CALAMOS GROWTH & INCOME FUND CLASS C<br>007309630 NN4W006041       | 757.337    | 31.3730 |                  | -23,760.00 | USD |
|                                |                               |               | PROS UNDER SEP COVER HOLD PERS REV \$<br>SOLICITED ORDER           |            |         |                  |            |     |
| 12/15/06                       | 12/12/06                      | SOLD          | CALAMOS GROWTH & INCOME FUND CLASS C<br>007309629 NN4W006009       | -473.335   | 31.6900 |                  | 15,000.00  | USD |
|                                |                               |               | HOLD PERS REV \$ SOLICITED ORDER                                   |            |         |                  |            |     |
| 12/15/06                       | 12/12/06                      | SOLD          | CALAMOS GROWTH & INCOME FUND CLASS C<br>007309630 NN4W006041       | -757.337   | 31.6900 |                  | 24,000.00  | USD |
|                                |                               |               | HOLD PERS REV \$ SOLICITED ORDER                                   |            |         |                  |            |     |
| 12/15/06                       | 12/12/06                      | PURCHASED     | CALAMOS MARKET NEUTRAL INCOME FUND<br>CLASS C 007025975            | 1,915.709  | 12.9195 |                  | -24,750.00 | USD |
|                                |                               |               | NN4W400145 PROS UNDER SEP COVER<br>HLD PERS ALL \$ SOLICITED ORDER |            |         |                  |            |     |
| 12/15/06                       | 12/12/06                      | SOLD          | CALAMOS MARKET NEUTRAL INCOME FUND<br>CLASS C 007025975            | -1,915.709 | 13.0500 |                  | 25,000.00  | USD |
|                                |                               |               | NN4W400145 HLD PERS ALL \$<br>SOLICITED ORDER                      |            |         |                  |            |     |
| 12/15/06                       | 12/12/06                      | PURCHASED     | GROWTH FUND OF AMERICA CLASS C<br>002842951 *NN4W004053            | 454.821    | 32.6502 |                  | -14,850.00 | USD |
|                                |                               |               | PROS UNDER SEP COVER HOLD PERS REV \$<br>SOLICITED ORDER           |            |         |                  |            |     |
| 12/15/06                       | 12/12/06                      | SOLD          | GROWTH FUND OF AMERICA CLASS C<br>002842951 *NN4W004053            | -454.821   | 32.9800 |                  | 15,000.00  | USD |
|                                |                               |               | HOLD PERS REV \$ SOLICITED ORDER                                   |            |         |                  |            |     |
| 12/18/06                       | 12/13/06                      | PURCHASED     | AMERICAN BALANCED FUND CLASS C<br>002053112 NN4W005308             | 1,030.928  | 19.2060 |                  | -19,800.00 | USD |
|                                |                               |               | PROS UNDER SEP COVER HOLD PERS REV \$<br>SOLICITED ORDER           |            |         |                  |            |     |
| 12/18/06                       | 12/13/06                      | SOLD          | AMERICAN BALANCED FUND CLASS C<br>002053112 NN4W005308             | -1,030.928 | 19.4000 |                  | 20,000.00  | USD |
|                                |                               |               | HOLD PERS REV \$ SOLICITED ORDER                                   |            |         |                  |            |     |
| 12/18/06                       | 12/13/06                      | PURCHASED     | CALAMOS GROWTH & INCOME FUND CLASS C<br>007309774 NN4W406019       | 1,798.675  | 31.3730 |                  | -56,430.00 | USD |
|                                |                               |               | PROS UNDER SEP COVER HOLD PERS REV \$<br>SOLICITED ORDER           |            |         |                  |            |     |
| 12/18/06                       | 12/13/06                      | PURCHASED     | CALAMOS GROWTH & INCOME FUND CLASS C<br>007309773 NN4W006025       | 94.667     | 31.3731 |                  | -2,970.00  | USD |
|                                |                               |               | PROS UNDER SEP COVER HOLD PERS REV \$<br>SOLICITED ORDER           |            |         |                  |            |     |
| 12/18/06                       | 12/13/06                      | SOLD          | CALAMOS GROWTH & INCOME FUND CLASS C<br>007309774 NN4W406019       | -1,798.675 | 31.6900 |                  | 57,000.00  | USD |
|                                |                               |               | HOLD PERS REV \$ SOLICITED ORDER                                   |            |         |                  |            |     |



# Brokerage Account Statement

Statement Period: 12/01/2006 - 12/31/2006

## Transactions by Type of Activity (continued)

| Process/<br>Settlement<br>Date | Trade/<br>Transaction<br>Date | Activity Type | Description  | Quantity   | Price   | Accrued Interest | Amount     | Ccy |
|--------------------------------|-------------------------------|---------------|--|------------|---------|------------------|------------|-----|
| 12/18/06                       | 12/13/06                      | SOLD          | Securities Bought and Sold (continued)   |            |         |                  |            |     |
| 12/18/06                       | 12/13/06                      | PURCHASED     | CALAMOS GROWTH & INCOME FUND CLASS C<br>007309773 *N4W006025   | -94.667    | 31.6900 |                  | 3,000.00   | USD |
| 12/18/06                       | 12/13/06                      | PURCHASED     | HOLD PERS REV \$ SOLICITED ORDER<br>CALAMOS MARKET NEUTRAL INCOME FUND<br>CLASS C 007026015                                    | 7,662.835  | 12.9195 |                  | -99,000.00 | USD |
| 12/18/06                       | 12/13/06                      | SOLD          | *N4W404733 PROS UNDER SEP COVER<br>HOLD PERS REV \$ SOLICITED ORDER<br>CALAMOS MARKET NEUTRAL INCOME FUND<br>CLASS C 007026015 | -7,662.835 | 13.0500 |                  | 100,000.00 | USD |
| 12/20/06                       | 12/15/06                      | PURCHASED     | *N4W404733 HOLD PERS REV \$<br>SOLICITED ORDER<br>DAVIS NEW YORK VENTURE CLASS C<br>002131448 *N4W004889                       | 2,678.811  | 36.9566 |                  | -99,000.00 | USD |
| 12/20/06                       | 12/15/06                      | SOLD          | PROS UNDER SEP COVER HOLD PERS REV \$<br>SOLICITED ORDER<br>DAVIS NEW YORK VENTURE CLASS C<br>002131448 *N4W004889             | -2,678.811 | 37.3300 |                  | 100,000.00 | USD |
| 12/22/06                       | 12/19/06                      | PURCHASED     | HOLD PERS REV \$ SOLICITED ORDER<br>AMERICAN BALANCED FUND CLASS B<br>002102362 *N4W400459                                     | 225.410    | 18.7391 |                  | -4,224.00  | USD |
| 12/22/06                       | 12/19/06                      | PURCHASED     | PROS UNDER SEP COVER HOLD PERS REV \$<br>SOLICITED ORDER<br>AMERICAN BALANCED FUND CLASS B<br>002102360 *N4W400376             | 102.459    | 18.7392 |                  | -1,920.00  | USD |
| 12/22/06                       | 12/19/06                      | PURCHASED     | PROS UNDER SEP COVER HOLD PERS REV \$<br>SOLICITED ORDER<br>AMERICAN BALANCED FUND CLASS B<br>002102361 *N4W400384             | 102.459    | 18.7392 |                  | -1,920.00  | USD |
| 12/22/06                       | 12/19/06                      | SOLD          | PROS UNDER SEP COVER HOLD PERS REV \$<br>SOLICITED ORDER<br>AMERICAN BALANCED FUND CLASS B<br>002102362 *N4W400459             | -225.410   | 19.5200 |                  | 4,400.00   | USD |
| 12/22/06                       | 12/19/06                      | SOLD          | HOLD PERS REV \$ SOLICITED ORDER<br>AMERICAN BALANCED FUND CLASS B<br>002102360 *N4W400376                                     | -102.459   | 19.5200 |                  | 2,000.00   | USD |



# Transactions by Type of Activity (continued)

| Process/<br>Settlement<br>Date                                 | Trade/<br>Transaction<br>Date | Activity Type                       | Description  | Quantity   | Price   | Accrued Interest | Amount          | Ccy        |
|--|-------------------------------|-------------------------------------|--|------------|---------|------------------|-----------------|------------|
| <b>Securities Bought and Sold (continued)</b>                  |                               |                                     |  |            |         |                  |                 |            |
| 12/22/06   | 12/19/06                      | SOLD                                | AMERICAN BALANCED FUND CLASS B<br>002102361 *N4W400384   | -102.459   | 19.5200 |                  | 2,000.00        | USD        |
| 12/28/06   | 12/22/06                      | PURCHASED                           | HOLD PERS REV \$ SOLICITED ORDER<br>DAVIS NEW YORK VENTURE CLASS C<br>002139791 *N4W001505                               | 1,349.164  | 36.6893 |                  | -49,500.00      | USD        |
| 12/28/06   | 12/22/06                      | SOLD                                | PROS UNDER SEP COVER HLD PERS ALL \$<br>SOLICITED ORDER<br>DAVIS NEW YORK VENTURE CLASS C<br>002139791 *N4W001505        | -1,349.164 | 37.0600 |                  | 50,000.00       | USD        |
| 12/28/06   | 12/22/06                      | PURCHASED                           | HLD PERS ALL \$ SOLICITED ORDER<br>GROWTH FUND OF AMERICA CLASS C<br>002857678 NN4W001505                                | 1,582.779  | 31.2741 |                  | -49,500.00      | USD        |
| 12/28/06   | 12/22/06                      | SOLD                                | PROS UNDER SEP COVER HOLD PERS REV \$<br>SOLICITED ORDER<br>GROWTH FUND OF AMERICA CLASS C<br>002857678 NN4W001505       | -1,582.779 | 31.5900 |                  | 50,000.00       | USD        |
| 12/29/06   | 12/26/06                      | PURCHASED                           | HOLD PERS REV \$ SOLICITED ORDER<br>CALAMOS GROWTH & INCOME FUND CLASS C<br>007311807 NN4W004970                         | 6,572.327  | 31.4820 |                  | -206,910.00     | USD        |
| 12/29/06   | 12/26/06                      | PURCHASED                           | PROS UNDER SEP COVER HOLD PERS REV \$<br>SOLICITED ORDER<br>CALAMOS GROWTH & INCOME FUND CLASS C<br>007311806 NN4W004384 | 4,245.283  | 31.4820 |                  | -133,650.00     | USD        |
| 12/29/06   | 12/26/06                      | SOLD                                | PROS UNDER SEP COVER HOLD PERS REV \$<br>SOLICITED ORDER<br>CALAMOS GROWTH & INCOME FUND CLASS C<br>007311807 NN4W004970 | -6,572.327 | 31.8000 |                  | 209,000.00      | USD        |
| 12/29/06   | 12/26/06                      | SOLD                                | HOLD PERS REV \$ SOLICITED ORDER<br>CALAMOS GROWTH & INCOME FUND CLASS C<br>007311806 NN4W004384                         | -4,245.283 | 31.8000 |                  | 135,000.00      | USD        |
| <b>Total Securities Bought and Sold - UNITED STATES DOLLAR</b> |                               |                                     |  |            |         |                  |                 |            |
|  |                               |                                     |  |            |         |                  | <b>9,221.00</b> | <b>USD</b> |
| <b>Dividends and Interest</b>                                  |                               |                                     |  |            |         |                  |                 |            |
| 12/20/06   | 12/19/06                      | INTEREST ON FREE CREDIT<br>BALANCES | CREDIT INTEREST FOR INTEREST PERIOD<br>ENDING 12-19-06 YIELDS WERE:<br>CURRENT 2.796% EFFECTIVE 2.833%                   |            |         |                  | 3.64            | USD        |
| <b>Total Dividends and Interest - UNITED STATES DOLLAR</b>     |                               |                                     |  |            |         |                  |                 |            |
|  |                               |                                     |  |            |         |                  | <b>3.64</b>     | <b>USD</b> |
| <b>Total Value of All Transactions</b>                         |                               |                                     |  |            |         |                  |                 |            |
|  |                               |                                     |  |            |         |                  | <b>9,224.64</b> | <b>USD</b> |

The price and quantity displayed may have been rounded.

# Brokerage Account Statement

Statement Period: 12/01/2006 - 12/31/2006

## Income and Expense Summary

|  | Current Period |             | Year-to-Date |             |
|--|----------------|-------------|--------------|-------------|
|  | Taxable        | Non Taxable | Taxable      | Non Taxable |
| Interest Income                        |                |             |              |             |
| Credit Interest                        | 3.64           | 0.00        | 7.63         | 0.00        |
| Total Dividends, Interest and Expenses | \$3.64         | \$0.00      | \$7.63       | \$0.00      |

## Trades Not Settled

| Settlement Date | Trade Date | Activity Type | Description  | Quantity | Price   | Accrued Interest | Settlement Amount |
|-----------------|------------|---------------|--|----------|---------|------------------|-------------------|
| 01/03/07        | 12/28/06   | Buy           | CAPITAL WORLD GROWTH AND INCOME FUND CLASS C 001769972   | 120.163  | 41.1940 | 0.00             | -4,950.00         |
| 01/03/07        | 12/28/06   | Sell          | *N4W005183 PROS UNDER SEP COVER HLD PERS ALL \$ SOLICITED ORDER CAPITAL WORLD GROWTH AND INCOME FUND CLASS C 001769972 | -120.163 | 41.6100 | 0.00             | 5,000.00          |
| 01/04/07        | 12/29/06   | Buy           | *N4W005183 HLD PERS ALL \$ SOLICITED ORDER CALAMOS GROWTH & INCOME FUND CLASS B 007110700 NN4W404899                   | 224.559  | 33.7728 | 0.00             | -7,584.00         |
| 01/04/07        | 12/29/06   | Sell          | PROS UNDER SEP COVER HOLD PERS REV \$ SOLICITED ORDER CALAMOS GROWTH & INCOME FUND CLASS B 007110700 NN4W404899        | -224.559 | 35.1800 | 0.00             | 7,900.00          |
| 01/04/07        | 12/29/06   | Buy           | HOLD PERS REV \$ SOLICITED ORDER CALAMOS MARKET NEUTRAL INCOME FUND CLASS C 007026376                                  | 852.713  | 12.7710 | 0.00             | -10,890.00        |
| 01/04/07        | 12/29/06   | Sell          | NN4W405391 PROS UNDER SEP COVER HOLD PERS REV \$ SOLICITED ORDER CALAMOS MARKET NEUTRAL INCOME FUND CLASS C 007026376  | -852.713 | 12.9000 | 0.00             | 11,000.00         |
| 01/04/07        | 12/29/06   | Buy           | NN4W405391 HOLD PERS REV \$ SOLICITED ORDER DAVIS NEW YORK VENTURE CLASS C 002151390 NN4W004798                        | 134.517  | 36.7983 | 0.00             | -4,950.00         |
|                 |            |               | PROS UNDER SEP COVER HOLD PERS REV \$ SOLICITED ORDER  |          |         |                  |                   |



**Trades Not Settled (continued)**

| Settlement Date                           | Trade Date | Activity Type | Description  | Quantity | Price   | Accrued Interest | Settlement Amount |
|---|------------|---------------|--|----------|---------|------------------|-------------------|
| 01/04/07                                  | 12/29/06   | Sell          | DAVIS NEW YORK VENTURE CLASS C<br>002151390 N4W004798  | -134,517 | 37.1700 | 0.00             | 5,000.00          |
| 01/04/07                                  | 12/29/06   | Buy           | HOLD PERS REV \$ SOLICITED ORDER<br>GROWTH FUND OF AMERICA CLASS B<br>002779677 *N4W004004                         | 470,958  | 30.5759 | 0.00             | -14,400.00        |
| 01/04/07                                  | 12/29/06   | Sell          | PROS UNDER SEP COVER HOLD PERS REV \$<br>SOLICITED ORDER<br>GROWTH FUND OF AMERICA CLASS B<br>002779677 *N4W004004 | -470,958 | 31.8500 | 0.00             | 15,000.00         |
| <b>Total Amount of Trades Not Settled</b> |            |               |  |          |         |                  | <b>\$1,126.00</b> |

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WE HAVE CONSOLIDATED TRADE CONFIRMATIONS IN RESPONSE TO REQUESTS FROM INVESTORS LIKE YOU TO REDUCE THE VOLUME OF PAPER YOU RECEIVE FROM US. CONFIRMATIONS FOR TRADE EXECUTIONS NOW PRINT ON BOTH SIDES OF A SHEET OF PAPER - EACH SIDE OF A PAGE IS NUMBERED, AND UP TO EIGHT SHEETS ARE INCLUDED IN ONE ENVELOPE. THIS MEANS THAT YOU MAY RECEIVE UP TO 15 TRADE CONFIRMATIONS AND ONE TERMS AND CONDITIONS PAGE PER ENVELOPE - REDUCING THE VOLUME OF PAPER YOU RECEIVE.

**TERMS AND CONDITIONS**

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- All orders and transactions shall be solely for your account and risk shall be subject to the constitution, rules, regulations, customs, usages, rulings and interpretations of the exchange or market and the clearing facility, if any, where the transactions are executed and/or settled, or if applicable, of the National Association of Securities Dealers, Inc., and to all applicable laws and regulations.
- Whenever you are indebted to Pershing LLC ("Pershing") for any amount, all securities held by it for you in any account in which you have any interest shall accrue all your liabilities to Pershing, and Pershing may in its discretion at any time, without lender, demand or notice to you, close or reduce any or all of your accounts by public or private sale or purchase of both of all or any securities carried in such accounts; any balance remaining due Pershing to be promptly paid by you.
- Whenever you are indebted to Pershing for any amount, all securities carried for your account are or may be, without further notice to you, loaned or pledged by Pershing, either separately or under circumstances which will permit the commingling thereof, with other securities for any amount less than, equal to or greater than your liabilities to Pershing, but not under circumstances for an amount prohibited by law.
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- Any free credit balance carried for your account represents funds payable upon demand which, although properly accounted for on Pershing's books of record, are not segregated and may be used in the conduct of its business.
- You may have received confirmations for transactions which do not appear on your statement. If so, the transactions will appear on your next periodic statement. Such transactions must be considered by you when computing the value of your account. This is especially true if you have written options which have been exercised.
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- Interest charged on debit balances in your account appears on the statement. The rate of interest and period covered are indicated. The rate may change from time to time due to fluctuations in money rates or other reasons. Interest is computed as described in material previously furnished to you. Please contact your financial institution if you desire additional copies.
- A financial statement of Pershing is available for your personal inspection at Pershing's offices. A copy of it will be mailed upon your written request or you can view it online at Pershing.com.
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- ARBITRATION DISCLOSURES:**
- ALL PARTIES TO THIS AGREEMENT ARE GIVING UP THE RIGHT TO EACH OTHER IN COURT, INCLUDING THE RIGHT TO A TRIAL BY JURY, EXCEPT AS PROVIDED BY THE RULES OF THE ARBITRATION FORUM IN WHICH A CLAIM IS FILED.
  - ARBITRATION AWARDS ARE GENERALLY FINAL AND BINDING; A PARTY'S ABILITY TO HAVE A COURT REVERSE OR MODIFY AN ARBITRATION AWARD IS VERY LIMITED.
  - THE ABILITY OF THE PARTIES TO OBTAIN DOCUMENTS, WITNESS STATEMENTS AND OTHER DISCOVERY IS GENERALLY MORE LIMITED IN ARBITRATION THAN IN COURT PROCEEDINGS.
  - THE ARBITRATORS DO NOT HAVE TO EXPLAIN THE REASON(S) FOR THEIR AWARD.
  - THE PANEL OF ARBITRATORS WILL TYPICALLY INCLUDE A MINORITY OF ARBITRATORS WHO WERE OR ARE AFFILIATED WITH THE SECURITIES INDUSTRY.
  - THE RULES OF SOME ARBITRATION FORUMS MAY IMPOSE TIME LIMITS FOR BRINGING A CLAIM IN ARBITRATION. IN SOME CASES, A CLAIM THAT IS INELIGIBLE FOR ARBITRATION MAY BE BROUGHT IN COURT.
  - THE RULES OF THE ARBITRATION FORUM IN WHICH THE CLAIM IS FILED, AND ANY AMENDMENTS THERETO, SHALL BE INCORPORATED INTO THIS AGREEMENT.

**ARBITRATION AGREEMENT**

ANY CONTROVERSY BETWEEN YOU AND US SHALL BE SUBMITTED TO ARBITRATION BEFORE THE NEW YORK STOCK EXCHANGE, INC. ANY OTHER NATIONAL SECURITIES EXCHANGE ON WHICH A TRANSACTION GIVING RISE TO THE CLAIM TOOK PLACE (AND ONLY BEFORE SUCH EXCHANGE), OR THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. NO PERSON SHALL BRING A PUTATIVE OR CERTIFIED CLASS ACTION TO ARBITRATION. NOR SEEK TO ENFORCE ANY PRESENT OR PENDING ARBITRATION AGREEMENT AGAINST ANY PERSON WHO HAS INITIATED IN COURT A PUTATIVE CLASS ACTION WHO IS A MEMBER OF A PUTATIVE CLASS WHO HAS NOT OPTED OUT OF THE CLASS WITH RESPECT TO ANY CLAIMS ENCOMPASSED BY THE PUTATIVE CLASS ACTION UNTIL: (i) THE CLASS CERTIFICATION IS DENIED; (ii) THE CLASS IS DECERTIFIED; OR (iii) THE CUSTOMER IS EXCLUDED FROM THE CLASS BY THE COURT. SUCH FORFEITURE TO ENFORCE AN AGREEMENT TO ARBITRATE SHALL NOT CONSTITUTE A WAIVER OF ANY RIGHTS UNDER THIS AGREEMENT EXCEPT TO THE EXTENT STATED HEREIN.

THE LAWS OF THE STATE OF NEW YORK GOVERN.

If any of the above Terms and Conditions are unacceptable to you, please notify Pershing immediately in writing by certified mail to One Pershing Plaza, Jersey City, NJ 07399, Attn: Compliance.

**William J. Capezio**  
**Certified Public Accountant**  
**42693 Rolling Rock Square**  
**Chantilly, Virginia 20152**  
**(703) 981-3389**

Board of Directors and Stockholders  
Fulcrum Securities, Inc.  
Reston, Virginia

In planning and performing my audit of the financial statements of Fulcrum Securities, Inc., for the year ended December 31, 2006, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my 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, and as required by CFTC Regulation 1.16 of the Commodities Future Trading Commission, I have made a study of the practices and procedures (including a test of compliance with such practices and procedures) followed by Fulcrum Securities, Inc., that I considered relevant to the objectives stated in Rule 17a-3(a)(11) and the reserve required by Rule 15(k)(2)(ii). I did not make a study of the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 because the Company did not own any securities during the year.

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 can be expected to achieve the Commission's above mentioned objectives. Two of the objectives of 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 of disposition and that the transactions are executed in accordance with managements authorization and recorded properly to permit

Board of Directors and Stockholders preparation of financial statements in conformity with generally accepted accounting principles. Rule 17-a5(g) lists additional objectives of the practices and procedures in the preceding paragraph.

My 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 the relatively low level of 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 function. However, I noted no matters involving the internal control structure that I consider to be material weaknesses as defined above.

I understand that practices and procedures that accomplish the objective referred to in the second paragraph of this report are considered by the Commission 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 my study, I believe that the Company's practices and procedures were adequate at December 31, 2006 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

*William J. Capezio, CPA*

February 26, 2007  
Chantilly, Virginia

END