

SECURITI

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

CM

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8- 23305

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 01-01-2006 AND ENDING 12-31-2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Alliant Securities, Inc. Turner, Nord,
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) Krenbaum
601 West Riversdie Ave Suite 1430

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

Spokane

Wa.

99201

(City)

(State)

(Zip Code)

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

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

McDirmid, Mikkelsen & Secrest, P.S.

926 West Sprague Ave Suite 300 Spokane Wa 99204

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

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED
APR 03 2007
THOMSON FINANCIAL

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\*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)

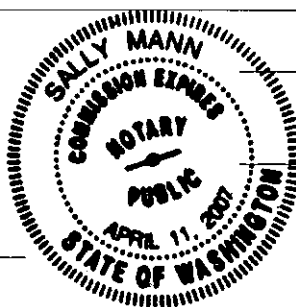
Handwritten initials/signature

OATH OR AFFIRMATION

I, Tom L. Turner, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Alliant Securities, Inc., as of December 31, 2006, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

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

[Signature]  
Notary Public



[Signature]  
Signature  
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 15c3-1 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 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).

**ALLIANT SECURITIES, INC.  
TURNER ♦ NORD ♦ KIENBAUM**

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**McDIRMID, MIKKELSEN & SECREST, P.S.**

Certified Public Accountants

James K. McDirmid  
Chris D. Mikkelsen  
Kenneth E. Secrest  
William A. Simer  
Andrew J. McDirmid  
Marcie M. Harper

926 W. Sprague, Suite 300  
Spokane, WA 99201.4000  
509.747.6154  
FAX 509.838.0508  
www.mmsps.com

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Alliant Securities, Inc.  
Turner ♦ Nord ♦ Kienbaum  
Spokane, Washington

We have audited the accompanying statement of financial condition of Alliant Securities, Inc. Turner ♦ Nord ♦ Kienbaum as of December 31, 2006 and 2005, and the related statements of income, changes in stockholders' equity, changes in subordinated borrowings, and cash flows for the years then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alliant Securities, Inc. Turner ♦ Nord ♦ Kienbaum as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

*McDirmid, Mikkelsen & Secrest, P.S.*

February 9, 2007  
Spokane, Washington

**ALLIANT SECURITIES, INC.  
TURNER ♦ NORD ♦ KIENBAUM**

STATEMENT OF FINANCIAL CONDITION  
*December 31, 2006 and 2005*

<b>ASSETS</b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Cash	\$ 642,289	\$ 601,957
Segregated cash	5,000	5,000
Accounts receivable from brokers and dealers	20,388	17,363
Accounts receivable from customers	4,658	1,581
Officer receivable	1,868	24,537
Secured demand notes receivable collateralized by marketable securities	450,000	450,000
Prepaid expenses and deposit	3,575	3,575
Deposits with clearing brokers	102,000	72,000
DTCC common stock	5,885	
Cash surrender value of officers' life insurance	34,345	33,028
Property and equipment	<u>6,414</u>	<u>8,816</u>
	<b><u>\$ 1,276,422</u></b>	<b><u>\$ 1,217,857</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Payable to brokers and dealers	\$ 2,727	
Payable to customers	11,001	\$ 4,612
Accounts payable	39,192	25,861
Other liabilities	21,113	17,968
Accrued profit sharing plan contribution	107,352	100,416
Accrued payroll	217,655	189,236
Payroll and business taxes payable	2,616	2,700
Federal income taxes payable	<u>566</u>	<u>2,864</u>
	<u>402,222</u>	<u>343,657</u>
Subordinated borrowings	<u>450,000</u>	<u>450,000</u>
Stockholders' equity:		
Common stock, \$50 par value:		
Authorized, 1,000 shares;		
Issued and outstanding, 1,000 shares	50,000	50,000
Additional paid-in capital	237,883	237,883
Retained earnings	<u>136,317</u>	<u>136,317</u>
	<u>424,200</u>	<u>424,200</u>
	<b><u>\$ 1,276,422</u></b>	<b><u>\$ 1,217,857</u></b>

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

**ALLIANT SECURITIES, INC.**  
**TURNER ♦ NORD ♦ KIENBAUM**

STATEMENT OF INCOME  
*for the years ended December 31, 2006 and 2005*

	<u>2006</u>	<u>2005</u>
<b>Revenues:</b>		
Commissions	\$ 1,813,160	\$ 1,778,010
Interest income	50,965	41,646
Other income	98,411	108,617
	<u>1,962,536</u>	<u>1,928,273</u>
<b>Expenses:</b>		
Salesmen salaries and commissions	875,320	814,974
Office salaries	298,805	282,897
Payroll taxes	65,561	64,254
Profit sharing plan contribution	107,352	100,416
Medical insurance	60,029	74,536
Officers' life and disability insurance	7,324	6,737
Telephone and telequote	30,366	29,737
Rent	138,801	135,743
Office supplies and postage	70,233	65,869
Data processing	85,086	95,381
Clearing costs	60,082	54,741
Regulatory fees	13,023	9,544
Business and property taxes	33,930	30,294
Dues, licenses and subscriptions	20,771	27,632
Depreciation	1,369	1,486
Equipment rental and maintenance	12,251	14,143
Professional services	22,968	19,862
Corporate insurance	7,940	8,058
Auto and travel expense	33,263	31,472
Meals and entertainment	7,513	17,201
Advertising and promotion	2,590	3,399
Bank and transfer fees	5,142	6,625
Miscellaneous	1,691	408
	<u>1,961,410</u>	<u>1,895,409</u>
<b>Income before federal income taxes</b>	<b>1,126</b>	<b>32,864</b>
<b>Federal income tax expense</b>	<u><b>1,126</b></u>	<u><b>2,864</b></u>
<b>Net income</b>	<u><b>\$ -0-</b></u>	<u><b>\$ 30,000</b></u>

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

**ALLIANT SECURITIES, INC.**  
**TURNER ♦ NORD ♦ KIENBAUM**

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
*for the years ended December 31, 2006 and 2005*

	Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Total
<b>Balances, January 1, 2005</b>	1,000	\$ 50,000	\$ 237,883	\$ 136,317	\$ 424,200
<b>Net income</b>				30,000	30,000
<b>Less dividends paid</b>				(30,000)	(30,000)
<b>Balances, December 31, 2005</b>	1,000	50,000	237,883	136,317	424,200
<b>Net income</b>					
<b>Balances, December 31, 2006</b>	<b>1,000</b>	<b>\$ 50,000</b>	<b>\$ 237,883</b>	<b>\$ 136,317</b>	<b>\$ 424,200</b>

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

**ALLIANT SECURITIES, INC.**  
**TURNER ♦ NORD ♦ KIENBAUM**

STATEMENT OF CHANGES IN SUBORDINATED BORROWINGS  
*for the years ended December 31, 2006 and 2005*

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<b>Subordinated borrowings at January 1, 2005</b>	\$ 450,000
<b>Increases:</b>	
Secured demand note collateral agreement due October 31, 2009	112,500
Secured demand note collateral agreement due October 31, 2009	112,500
<b>Decreases:</b>	
Matured secured demand note collateral agreements	<u>(225,000)</u>
<b>Subordinated borrowings at December 31, 2005</b>	450,000
<b>Increases:</b>	
None	
<b>Decreases:</b>	
None	
<b>Subordinated borrowings at December 31, 2006</b>	<u>\$ 450,000</u>

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



**ALLIANT SECURITIES, INC.  
TURNER ♦ NORD ♦ KIENBAUM**

**STATEMENT OF CASH FLOWS**  
*for the years ended December 31, 2006 and 2005*

	<u>2006</u>	<u>2005</u>
<b>Cash flows from operating activities:</b>		
Net income		\$ 30,000
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	\$ 1,369	1,486
Loss on disposal of assets	2,254	
Changes in assets and liabilities:		
Net receivable from brokers and dealers	(298)	(12,610)
Net receivable from customers	3,312	6,057
Officer receivable	22,669	(3,736)
Deposits	(35,885)	(10,000)
Accounts payable and other liabilities	16,476	(5,968)
Accrued profit sharing plan contribution	6,936	(236)
Accrued payroll	28,419	(75,658)
Payroll and business taxes payable	(84)	(1,641)
Federal income taxes payable	<u>(2,298)</u>	<u>2,864</u>
Net cash provided by (used in) operating activities	<u>42,870</u>	<u>(69,442)</u>
<b>Cash flows from investing activities:</b>		
Premium payments on officers' life insurance	(1,317)	(1,273)
Purchase of equipment	<u>(1,221)</u>	<u>(3,521)</u>
Net cash used in investing activities	<u>(2,538)</u>	<u>(4,794)</u>
<b>Cash flows from financing activities:</b>		
Dividends paid	<u>                    </u>	<u>(30,000)</u>
<b>Net increase (decrease) in cash</b>	<b>40,332</b>	<b>(104,236)</b>
<b>Cash at beginning of year</b>	<u>601,957</u>	<u>706,193</u>
<b>Cash at end of year</b>	<u>\$ 642,289</u>	<u>\$ 601,957</u>
<b>Supplemental disclosure of cash paid during the year for interest</b>	<u>\$ 1,140</u>	<u>\$ 58</u>

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

**ALLIANT SECURITIES, INC.**  
**TURNER ♦ NORD ♦ KIENBAUM**

NOTES TO FINANCIAL STATEMENTS

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**1. The Company and Significant Accounting Policies:**

The Company was incorporated under the laws of the State of Washington on October 10, 1978 to operate as a broker/dealer in investment securities. The Company is a member of the Securities and Exchange Commission (SEC) and also a member of the National Association of Securities Dealers (NASD). The Company's office is located in Spokane, Washington.

The Company is engaged in various trading and brokerage activities with counterparties that primarily include broker/dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

In the normal course of business, the Company's customer activities involve the execution and settlement of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company maintains cash balances at banks which at times may be in excess of federally insured limits.

Customers' securities transactions are recorded on a settlement date basis with related commission income and expenses recorded on a trade date basis. Securities transactions of the Company are recorded on a trade date basis.

Property and equipment are recorded at cost. Depreciation is computed using straight-line and accelerated methods over estimated useful lives.

*Continued*

**ALLIANT SECURITIES, INC.**  
**TURNER ♦ NORD ♦ KIENBAUM**

NOTES TO FINANCIAL STATEMENTS, *Continued*

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**2. Reserve Bank Account:**

In accordance with the provisions of Rule 15c3-3 of the Securities and Exchange Commission, the Company maintains a special reserve bank account for the exclusive benefit of customers. The Company segregated \$5,000 for the years ended December 31, 2006 and 2005, respectively, for this purpose. The required balance in this reserve account was \$9,765 and \$5,000 at December 31, 2006 and 2005, respectively. On January 2, 2007, an additional \$10,000 was deposited.

**3. Subordinated Borrowings:**

The Company has non-interest bearing secured demand note collateral agreements in the amount of \$450,000. The borrowings are in the amount of \$150,000 from each of the 33.33% shareholders with \$225,000 due October 31, 2009, and \$225,000 due October 31, 2008. All notes are non-interest bearing and are subordinated to the claims of general creditors.

The agreements have been approved by the NASD and are available in computing net capital under the SEC's uniform net capital rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid.

**4. Property and Equipment:**

A summary of property and equipment at December 31, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Furniture and equipment	\$ 66,322	\$154,242
Leasehold improvements	<u>6,144</u>	<u>6,144</u>
	72,466	160,386
Less accumulated depreciation and amortization	<u>66,052</u>	<u>151,570</u>
	<u>\$ 6,414</u>	<u>\$ 8,816</u>

*Continued*

**ALLIANT SECURITIES, INC.**  
**TURNER ♦ NORD ♦ KIENBAUM**

NOTES TO FINANCIAL STATEMENTS, *Continued*

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**5. Net Capital Requirements:**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital of \$250,000 and requires that the ratio of aggregate indebtedness to net capital, shall not exceed 15 to 1. Net capital and the related net capital ratio will fluctuate on a daily basis. At December 31, 2006 and 2005, the Company had net capital of \$856,273 and \$837,147, which was \$606,273 and \$587,147, respectively, in excess of its required net capital. The Company's net capital ratio was .47 to 1 and .41 to 1 at December 31, 2006 and 2005, respectively.

**6. Operating Line of Credit:**

The Company has a \$1,500,000 unsecured line of credit with U.S. Bank of Washington guaranteed by the stockholders. Interest is due monthly at the bank's prime rate. There were no balances due under the line of credit agreement at December 31, 2006 and 2005.

**7. Profit Sharing Plan:**

The Company has established a profit sharing plan with 401(k) features available to all eligible employees. Contributions to the plan are determined annually by the Company. Profit sharing plan contributions for the years ended December 31, 2006 and 2005 were \$107,352 and \$100,416, respectively.

**8. Commitments:**

The Company leases its business office under a non-cancellable lease agreement through July 31, 2007. The Company has entered into a new facility lease agreement beginning August 1, 2007 through July 31, 2012. The building is owned 27% by two of the stockholders of the Company. Rent expense was \$138,801 and \$135,743 for the years ended December 31, 2006 and 2005, respectively.

*Continued*

**ALLIANT SECURITIES, INC.**  
**TURNER ♦ NORD ♦ KIENBAUM**

NOTES TO FINANCIAL STATEMENTS, *Continued*

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**8. Commitments, *continued*:**

Future minimum payments under the lease agreements are as follows:

Years ending December 31:

2007	\$123,952
2008	112,770
2009	112,770
2010	112,770
2011	112,770
Thereafter	<u>65,783</u>
	<b><u>\$640,815</u></b>

**9. Federal Income Taxes:**

The differences between the Company's effective income tax and the statutory rate results principally from certain non deductible expenses. Federal income tax expense for the year ended December 31, 2006 and 2005 was \$1,126 and \$2,864, respectively.

**McDIRMID, MIKKELSEN & SECREST, P.S.**

Certified Public Accountants

James K. McDirmid  
Chris D. Mikkelsen  
Kenneth E. Secrest  
William A. Simer  
Andrew J. McDirmid  
Marcie M. Harper

926 W. Sprague, Suite 300  
Spokane, WA 99201.4000  
509.747.6154  
FAX 509.838.0508  
www.mmsps.com

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY  
INFORMATION REQUIRED BY RULE 17a-5 OF THE  
SECURITIES AND EXCHANGE COMMISSION**

Board of Directors  
Alliant Securities, Inc.  
Turner ♦ Nord ♦ Kienbaum  
Spokane, Washington

We have audited the accompanying financial statements of Alliant Securities, Inc. Turner ♦ Nord ♦ Kienbaum as of and for the year ended December 31, 2006 and have issued our report thereon dated February 9, 2007. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules 1, 2, 3, 4, and 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*McDirmid, Mikkelsen & Secrest, P.S.*

February 9, 2007  
Spokane, Washington

**ALLIANT SECURITIES, INC.**  
**TURNER ♦ NORD ♦ KIENBAUM**

SCHEDULE 1  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
*December 31, 2006*

---

**Net capital:**

Stockholders' equity:

Common stock	\$ 50,000	
Additional paid-in capital	237,883	
Retained earnings	<u>136,317</u>	
Total stockholders' equity		\$ 424,200

Subordinated borrowings allowable in computation  
of net capital

		<u>450,000</u>
Total stockholders' equity and allowable subordinated borrowings		874,200

Deductions:

Non-allowable assets:

Unsecured accounts	185	
Officer receivable	1,868	
Prepaid expenses and deposits	3,575	
DTCC common stock	5,885	
Furniture and equipment at cost, net of accumulated depreciation	<u>6,414</u>	
		<u>17,927</u>

**Net capital** 856,273

**Minimum net capital required** 250,000

**Excess net capital** \$ 606,273

*Continued*

ALLIANT SECURITIES, INC.  
TURNER ♦ NORD ♦ KIENBAUM

SCHEDULE 1  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE  
SECURITIES AND EXCHANGE COMMISSION, *Continued*  
*December 31, 2006*

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**Aggregate indebtedness:**

Payable to brokers and dealers	\$ 2,727
Payable to customers	11,001
Accounts payable	39,192
Other liabilities	21,113
Accrued profit sharing plan contribution	107,352
Accrued payroll	217,655
Payroll and business taxes payable	2,616
Federal income taxes payable	<u>566</u>

Total aggregate indebtedness \$ 402,222

**Ratio: Aggregate indebtedness to net capital** .47 to 1



**ALLIANT SECURITIES, INC.**  
**TURNER ♦ NORD ♦ KIENBAUM**

SCHEDULE 2  
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS UNDER  
RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
*December 31, 2006*

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**Credit Balances**

<b>Free credit balances</b> and other credit balances in customers' security accounts	\$ 11,001
<b>Customers' securities failed to receive</b>	2,503
<b>Other - dividends</b>	<u>224</u>
Total credit items	<b>\$ 13,728</b>

**Debit Balances**

<b>Debit balances in customers' cash</b> and margin accounts excluding unsecured accounts and accounts doubtful of collection, net of deductions pursuant to Rule 15c3-3	<u>4,428</u>
<b>Excess of total credits over total debits</b>	<u><b>\$ 9,300</b></u>
<b>Reserve requirement - 105% of total excess</b>	<u><b>\$ 9,765</b></u>
<b>Amount held on deposit in Reserve Bank Account</b>	<b>\$ 5,000</b>
<b>Additional deposit, January 2, 1007</b>	<u>10,000</u>
<b>New amount in Reserve Bank Account</b>	<u><b>\$ 15,000</b></u>

The amount of deposit in the special reserve bank account for the exclusive benefit of customers was \$5,000 for the year ended December 31, 2006. On January 2, 2007, an additional \$10,000 was deposited.

ALLIANT SECURITIES, INC.  
TURNER ♦ NORD ♦ KIENBAUM

SCHEDULE 3  
RECONCILIATION WITH COMPANY'S COMPUTATION OF NET CAPITAL  
INCLUDED IN PART II OF FORM X-17A-5  
*December 31, 2006*

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**Net capital:**

Net capital as reported on FOCUS REPORT \$ 856,273

Net capital as computed on page 12 \$ 856,273

**Aggregate indebtedness:**

Aggregate indebtedness as reported on FOCUS REPORT \$ 402,222

Aggregated indebtedness as computed on page 13 \$ 402,222

ALLIANT SECURITIES, INC.  
TURNER ♦ NORD ♦ KIENBAUM

SCHEDULE 4  
RECONCILIATION WITH COMPANY'S COMPUTATION FOR DETERMINATION  
OF RESERVE REQUIREMENTS INCLUDED IN PART II OF  
FORM X-17A-5  
*December 31, 2006*

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Reserve requirement as reported on FOCUS REPORT	<u>\$9,765</u>
Reserve requirement as computed on page 14	<u>\$9,765</u>

ALLIANT SECURITIES, INC.  
TURNER ♦ NORD ♦ KIENBAUM

SCHEDULE 5  
INFORMATION RELATING TO POSSESSION OR CONTROL  
REQUIREMENTS UNDER RULE 15c3-3 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
*December 31, 2006*

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1. Customer fully paid securities and excess margin securities not in the respondents possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of report date) but for which the required action was not taken by respondent within the time frames specified under Rule 15c3-3. \$ 0  
  
Number of items 0
  
2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary" lags which result from normal business operations" as permitted under Rule 15c3-3. \$ 0  
  
Number of items 0

**McDIRMID, MIKKELSEN & SECREST, P.S.**

Certified Public Accountants

James K. McDirmid  
Chris D. Mikkelsen  
Kenneth E. Secrest  
William A. Simer  
Andrew J. McDirmid  
Marcie M. Harper

926 W. Sprague, Suite 300  
Spokane, WA 99201.4000  
509.747.6154  
FAX 509.838.0508  
www.mmsps.com

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
REQUIRED BY SECURITIES AND EXCHANGE  
COMMISSION RULE 17a-5**

Board of Directors  
Alliant Securities, Inc.  
Turner ♦ Nord ♦ Kienbaum  
Spokane, Washington

In planning and performing our audit of the financial statements of Alliant Securities, Inc. Turner ♦ Nord ♦ Kienbaum for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States we considered the Company's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and the reserve required by rule 15c3-3(e).
2. Making the quarterly securities examinations, counts, verifications and comparisons, and the 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 of Governors of the Federal Reserve System.
4. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

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 management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with accounting principles generally accepted in the

*Continued*

Board of Directors  
Alliant Securities, Inc.  
Turner ♦ Nord ♦ Kienbaum

United States. 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 become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities and 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 our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at 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, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

McQuinn, Niekelsen & Secret, P.S.

February 9, 2007  
Spokane, Washington