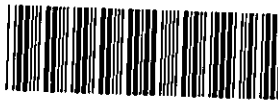


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ANNUAL AUDITED REPORT FORM X-17A-5 PART III

SEC FILE NUMBER
8- 5072

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: Advantage Capital Corporation

OFFICIAL USE ONLY
FIRM I.D. NO.

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

2300 Windy Ridge Parkway, Suite 1100
(No. and Street)

Atlanta, Georgia 30309-3851
(City) (State) (Zip Code)

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

Steven E. Rothstein 770 858-6841

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

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

10 Tenth Street, Suite 1400 Atlanta GA 30309-3851
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED

B MAR 29 2007

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THOMSON FINANCIAL

*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)

SEC 1410 (06-02)

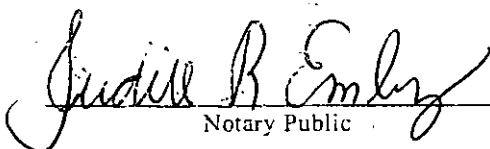
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OATH OR AFFIRMATION

I, Steven E. Rothstein, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of _____, as of December 31, 20 06, 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

Judith R. Embry Chief Financial Officer
Notary Public Title
Cobb County, GA
June 17, 2010

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.
- (o) Report of Independent Auditors on Internal Control Required by

** For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(c)(3) SEC Rule 17a-5

Advantage Capital Corporation

An indirect wholly-owned subsidiary of
American International Group, Inc.

Financial Statements and Supplemental Schedules
December 31, 2006

(Confidential Treatment Requested)

Advantage Capital Corporation

An indirect wholly owned subsidiary of American International Group, Inc.

Index

December 31, 2006

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Report of Independent Auditors

To the Stockholder and Board of Directors of
Advantage Capital Corporation:

In our opinion, the accompanying statement of financial condition and the related statements of operations, of changes in stockholder's equity and of cash flows present fairly, in all material respects, the financial position of Advantage Capital Corporation at December 31, 2006, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Company is a member of a group of affiliated companies and, as disclosed in the financial statements, has extensive transactions and relationships with members of the group. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Supplementary Schedules I and II 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 Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit 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.

PricewaterhouseCoopers LLP

Atlanta, Georgia
February 28, 2007

Advantage Capital Corporation

An indirect wholly-owned subsidiary of American International Group, Inc.

Statement of Financial Condition

Year Ended December 31, 2006

(in thousands of dollars, except share amounts)

Assets

Cash and cash equivalents	\$	8,870
Cash segregated under federal and other regulations		131
Deposits with clearing organizations and others		121
Receivables from broker-dealers and clearing organizations		1,110
Receivables from investment advisors		980
Securities owned, at market value		138
Security pledged to insurance company		84
Notes and accounts receivable from registered representatives, net of allowance of \$141		410
Furniture, equipment, leasehold improvements and software, at cost, less accumulated depreciation and amortization of \$3,365		198
Goodwill		7,150
Deferred taxes		88
Prepaid expenses and other assets		310
Total assets	\$	<u>19,590</u>

Liabilities and Stockholder's Equity

Commissions payable	\$	1,302
Accounts payable and accrued expenses		130
Payables to broker-dealers and clearing organizations		3
Securities sold, not yet purchased		43
Income taxes payable to Parent		383
Payables to affiliates, net		93
Other liabilities		1,973
Total liabilities		<u>3,927</u>

Commitments and contingencies (Note 10)

Stockholder's equity

Common stock - \$1 par value; 13,850 shares authorized, issued and outstanding		14
Additional paid-in capital		15,648
Retained earnings		1
Total stockholder's equity		<u>15,663</u>
Total liabilities and stockholder's equity	\$	<u>19,590</u>

Advantage Capital Corporation

An indirect wholly-owned subsidiary of American International Group, Inc.

Statement of Operations

Year Ended December 31, 2006

(in thousands of dollars)

Commissions

Commission revenue	\$ 22,493
Commission expense	(21,681)
Net retained commissions	<u>812</u>

Other Revenues

Investment advisory fees	6,033
Sponsor revenue	2,727
Interest income	482
Other income	1,233
Total other revenues	<u>10,475</u>

Other Expenses

Investment advisory fees	(2,902)
Marketing and meeting expense	(307)
General and administrative	(6,069)
Total other expenses	<u>(9,278)</u>

Income before income taxes	2,009
Provision for income taxes	(769)
Net income	<u>\$ 1,240</u>

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

Advantage Capital Corporation

An indirect wholly-owned subsidiary of American International Group, Inc.

Statement of Changes in Stockholder's Equity

Year Ended December 31, 2006

(in thousands of dollars, except share amounts)

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-In Capital	Earnings	
Balances at December 31, 2005, as reported	13,850	\$ 14	\$ 17,274	\$ 2,499	\$ 19,787
Adjustment to beginning retained earnings (Note 11)	-	-	-	(364)	(364)
Balances at January 1, 2006, as adjusted	13,850	14	17,274	2,135	19,423
Dividend paid to Parent	-	-	(1,626)	(3,374)	(5,000)
Net income	-	-	-	1,240	1,240
Balances at December 31, 2006	<u>13,850</u>	<u>\$ 14</u>	<u>\$ 15,648</u>	<u>\$ 1</u>	<u>\$ 15,663</u>

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

Advantage Capital Corporation

An indirect wholly-owned subsidiary of American International Group, Inc.

Statement of Cash Flows

Year Ended December 31, 2006

(in thousands of dollars)

Cash flows from operating activities

Net income	\$ 1,240
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	205
Deferred taxes	365
Unrealized gain on securities	(40)
(Increase) decrease in operating assets	
Cash segregated under federal and other regulations	36
Receivables from broker-dealers and clearing organizations	40
Receivables from investment advisors	(230)
Securities owned, net	(94)
Securities pledged to insurance company	(77)
Notes and accounts receivable from registered representatives	(178)
Income taxes payable to Parent	63
Prepaid expenses and other assets	(86)
Increase (decrease) in operating liabilities	
Commissions payable	114
Accounts payable and accrued expenses	(11)
Payables to broker dealers and clearing organizations	2
Securities sold, not yet purchased	37
Payables to affiliates, net	(49)
Other liabilities	784
Net cash provided by operating activities	<u>2,121</u>
Cash flows from financing activities	
Dividend paid to Parent	(5,000)
Net cash used in financing activities	<u>(5,000)</u>
Net decrease in cash and cash equivalents	(2,879)
Cash and cash equivalents - beginning of year	11,749
Cash and cash equivalents - end of year	<u>\$ 8,870</u>
Supplemental cash flow information:	
Income tax payments (paid to Parent)	<u>\$ 342</u>

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

Advantage Capital Corporation

An indirect wholly owned subsidiary of American International Group, Inc.

Notes to Financial Statements

December 31, 2006

1. Organization and Operations

Advantage Capital Corporation (the "Company") is a wholly-owned subsidiary of AIG Advisor Group, Inc. ("AIG AG" or the "Group"), which in turn is a wholly-owned subsidiary of SunAmerica Investments, Inc. ("SAII"). SAII is a wholly-owned subsidiary of AIG SunAmerica, Inc. (the "Parent" or "AIG SunAmerica"), which is wholly owned by American International Group, Inc. ("AIG"). The Company is a broker-dealer registered with the National Association of Securities Dealers, Inc. and the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, and an investment advisor registered under the Investment Advisors Act of 1940. The Company's primary business is the sale of financial products through its independent registered representatives. The Company's registered representatives sell financial products sponsored by AIG SunAmerica and other affiliates (collectively, the "Affiliates"), as well as other unaffiliated companies. The Company clears all transactions through an unaffiliated broker-dealer on a fully disclosed basis.

2. Significant Accounting Policies

Commissions Revenue and Commissions Expense

Commissions revenue and commissions expense are recorded on a trade date basis as securities transactions occur.

Sponsor Revenue and Related Marketing and Meeting Expense

The Company receives sponsor revenues from various mutual funds, variable annuities, investment advisors and insurance companies (the "Sponsors") related to sales by the Company's registered representatives of mutual fund, variable annuity and other products of the Sponsors, as well as in return for Sponsors attending the Company's representative meetings. The Company records sponsor revenues when earned. The Company incurs expenses related to conventions and other events to provide Sponsors with access to the Company's registered representatives. The Company records marketing and meeting expenses when incurred.

Investment Advisory Fees

Investment advisory fees are recognized as earned over the term of the advisory period.

Securities Transactions

Securities transactions are recorded on the trade date, as if they had settled. Profit and loss arising from all securities transactions is recorded on a trade date basis. Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the Statement of Financial Condition.

Securities owned are carried at market with unrealized gains and losses reflected in the Statement of Operations.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities when purchased of less than ninety days that are not held for sale in the ordinary course of business.

Advantage Capital Corporation

An indirect wholly owned subsidiary of American International Group, Inc.

Notes to Financial Statements

December 31, 2006

Concentration of Risk

At times, cash and cash equivalents may exceed the insurance limits of the Federal Depository Insurance Corporation. Management believes its risk of loss is mitigated by investing in or through major financial institutions.

Notes Receivable from Registered Representatives

Notes receivable from registered representatives consist of interest bearing loans with maturities ranging from one to five years.

The Company also makes loans or pays advances to independent reps as part of its hiring and retention process. Reserves are established on these receivables if the rep is no longer associated with the Company and the receivable has not been promptly repaid (older than 90 days) or if it is determined that it is probable the amount will not be collected.

A portion of these loans will be forgiven over a period of time (generally 5 years) if the representative meets certain operating and gross dealer concession levels. These loans are classified with prepaid expenses and other assets in the Statement of Financial Condition.

Furniture, Equipment, Leasehold Improvements and Software

Furniture, equipment, leasehold improvements and software are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization is provided on a straight-line basis over the useful lives of the assets, currently estimated to be three to eight years.

Goodwill

Goodwill is tested for impairment annually or when an event occurs or circumstances change that signify the existence of impairment. As part of its test for impairment, the Company considers a number of factors including profitability and an assessment of the fair value of the Company compared to its net book value.

Income Taxes

The Company is included in the AIG consolidated federal income tax return. Federal and state income taxes are calculated as if the Company filed on a separate return basis, and the amount of current tax or benefit calculated is either remitted to or received from the Parent. The amount of current taxes payable or refundable is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. The amount of deferred taxes payable or receivable is based upon anticipated changes enacted to tax laws and rates. Deferred tax expenses or benefits are recognized in the Statement of Operations for the changes in deferred tax liabilities or assets between years. State taxes are estimated using estimated apportionment percentages and currently enacted state tax rates.

Recent accounting pronouncement

The Company adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* ("FIN 48"), as required, on January 1, 2007. FIN 48 requires management to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of

Advantage Capital Corporation

An indirect wholly owned subsidiary of American International Group, Inc.

Notes to Financial Statements

December 31, 2006

benefit that is greater than fifty percent likely of being realized upon ultimate settlement which could result in the Company recording a tax liability that would reduce stockholder's equity. FIN 48 must be applied to all existing tax positions upon initial adoption and the cumulative effect, if any, is to be reported as an adjustment to stockholder's equity as of January 1, 2007.

Management is currently evaluating the potential impact of the Company's adoption of FIN 48.

Use of Estimates

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

3. Cash Segregated Under Federal and Other Regulations

Cash of approximately \$131,000 as of December 31, 2006 is segregated under provisions of the Securities Exchange Act of 1934 and represents funds deposited by customers, and breakpoint refund reserves.

4. Receivable From and Payable to Broker-Dealers and Clearing Organizations

Amount receivable from and payable to broker-dealers and clearing organizations at December 31, 2006 consist of the following:

(in thousands of dollars)

	<u>Receivable</u>	<u>Payable</u>
Receivable from clearing broker	\$ 224	\$ -
Fees and commissions receivable	886	-
Payable to broker dealers and clearing organizations	-	3
	<u>\$ 1,110</u>	<u>\$ 3</u>

5. Furniture, Equipment, Leasehold Improvements and Software

Furniture equipment, leasehold improvements and software consist of the following as of December 31, 2006:

(in thousands of dollars)

Software, at cost	\$ 3,563
Less accumulated depreciation and amortization	<u>(3,365)</u>
	<u>\$ 198</u>

Advantage Capital Corporation

An indirect wholly owned subsidiary of American International Group, Inc.

Notes to Financial Statements

December 31, 2006

Depreciation and amortization expense related to these assets totaled approximately \$205,000 for the year ended December 31, 2006 and is reflected in general and administrative expenses in the accompanying Statement of Operations.

6. Securities Owned and Securities Sold, Not Yet Purchased

Securities owned and securities sold, not yet purchased at December 31, 2006 are summarized as follows:

(in thousands of dollars)

	<u>Securities Owned</u>	<u>Securities Sold, Not Yet Purchased</u>
Corporate stocks and bonds	\$ 103	\$ 43
Debt securities issued by the U. S. Treasury and other U. S. Government corporations and agencies	35	-
	<u>\$ 138</u>	<u>\$ 43</u>

7. Related Party Transactions

The terms of agreements with affiliates may not necessarily be indicative of the terms that would have existed if the Company operated as an unaffiliated entity.

Commission revenue for the year ended December 31, 2006 includes \$912,000 earned on sales of mutual funds and insurance products sponsored by Affiliates. Commission expense for the year ended December 31, 2006 includes \$821,000 paid on sales of products sponsored by Affiliates.

The Company's sponsor revenues are determined, collected and allocated by Financial Service Corporation, an affiliate, for all broker dealers owned by the Group. The Company's portion of gross sponsor revenue for the year ended December 31, 2006 was approximately \$2,727,000.

The Group negotiates insurance policies and allocates the expense to each individual broker-dealer. For the year ended December 31, 2006, the Company was allocated \$37,000 for these expenses, which is reflected in general and administrative expense in the accompanying Statement of Operations.

The Company has pledged \$84,000 to an affiliated insurance company to be used as a facility to pay Errors and Omissions claims as they arise and become due. The deposit is held at AIG Bank, an affiliate.

The Company is reimbursed by its registered representatives to recover insurance, licensing and other costs. Total amounts reimbursed to the Company amounted to \$813,000 during the year ended December 31, 2006, which is reflected as other income in the Statement of Operations.

The Parent pays for expenses related to the Group's internal software and allocates a portion to each broker-dealer. The Company's portion of allocated software expense amounted to \$922,000 for the year ended December 31, 2006, which is reflected as general and administrative expenses in the Statement of Operations.

Advantage Capital Corporation

An indirect wholly owned subsidiary of American International Group, Inc.

Notes to Financial Statements

December 31, 2006

The Company's back office processing is performed by Financial Service Corporation ("FSC"). FSC is an affiliate of the Company, and is also a wholly-owned subsidiary of AIG Advisor Group. Overhead costs, including labor costs incurred by FSC on behalf of the Company, are allocated to the Company. Total reimbursements from the Company to FSC were \$2,496,000 for the year ended December 31, 2006, which is reflected in general and administrative expense in the Statement of Operations.

At December 31, 2006 the Company had the following intercompany receivables and payables from/to affiliates:

(In thousands of dollars)

	<u>Due (to)/from</u>
AIG SunAmerica Financial	\$ (3)
Financial Services Corporation	(251)
FSC Securities	276
AIG Financial Advisors	(22)
Royal Alliance Associates	(120)
FSC Agency	27
	<u>\$ (93)</u>

8. Income Taxes

The components of the provision for income taxes for the year ended December 31, 2006 are as follows:

(in thousands of dollars)

Current	
Federal	\$ 363
State	41
	<u>404</u>
Deferred	
Federal	341
State	24
	<u>365</u>
Total	<u>\$ 769</u>

The difference between the federal statutory tax rate of 35 percent and the Company's effective income tax rate of 38.3 percent for the year ended December 31, 2006, is primarily due to state taxes. Deferred tax assets and liabilities principally arise as a result of temporary differences from deferred compensation, legal reserves, and goodwill.

Advantage Capital Corporation

An indirect wholly owned subsidiary of American International Group, Inc.

Notes to Financial Statements

December 31, 2006

9. Net Capital Requirements

Under Rule 15c3-1 of the Securities Exchange Act of 1934 (the "Rule"), the Company is required to maintain a minimum net capital amount. The Company elected to use the alternative method, permitted by the Rule, which requires that the Company maintain minimum net capital, as defined, equal to the greater of \$250,000 or two percent of aggregate debit balances. At December 31, 2006, the Company had net capital of approximately \$5,856,000, which was approximately \$5,606,000 in excess of the amount required. The Company had no debit items at December 31, 2006.

The Company claims exemption from SEC Rule 15c3-3 of the Securities and Exchange Commission under paragraph (k)(2)(i) and (k)(2)(ii) of the Rule.

10. Commitments and Contingencies

In the normal course of business the Company enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company expects the risk of loss to be remote.

Litigation and Regulatory Matters

The Company is involved in various claims and lawsuits arising in the normal conduct of its business. Such claims and lawsuits are generally covered under Errors and Omissions insurance provided by an affiliate of AIG. In the opinion of management, additional amounts which will ultimately be required, if any, in connection with these matters will have no material effect on the financial position of the Company.

During the year ended December 31, 2006, the Company accrued \$300,000 for potential losses arising from regulatory assessments outstanding at year end.

Indemnifications

In the normal course of its business, the Company indemnifies and guarantees certain service providers, such as clearing and custody agents, trustees and administrators against specified potential losses in connection with their acting as an agent of, or providing services to, the Company or its affiliates. The Company also indemnifies some clients against potential losses incurred in the event specified third-party service providers, including subcustodians and third-party brokers, improperly execute transactions. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

The Company provides representations and warranties to counterparties in connection with a variety of commercial transactions and occasionally indemnifies them against potential losses caused by the breach of those representations and warranties. The Company may also provide standard indemnifications to some counterparties to protect them in the event additional taxes are owed or payments are withheld, due either to a change in or adverse application of certain tax laws. These indemnifications generally are standard contractual terms and are entered into in the normal course of

Advantage Capital Corporation

An indirect wholly owned subsidiary of American International Group, Inc.

Notes to Financial Statements

December 31, 2006

business. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

Deferred Compensation

AIG SunAmerica has established a nonqualified deferred compensation plan in which certain of the Company's registered representatives may elect to participate along with registered representatives of other affiliated companies on a national basis. The amounts owed by the Company are paid into a trust account maintained by an unaffiliated company. The value of the deferred compensation fluctuates with the value of the deferred investment alternatives chosen. AIG has provided a full and unconditional guarantee of the obligations to pay the deferred compensation under the plan. There is no maximum risk of loss under such arrangement. Based on experience, the Company believes such risk of loss to be remote.

Clearing Broker-dealer

In the normal course of business, the Company's customer activities involve the execution, settlement and financing of various customer securities transactions. The Company uses a clearing broker-dealer to execute certain customer transactions. Such transactions may expose the Company and the clearing broker-dealer to significant off balance-sheet-risk in the event margin requirements are not sufficient to fully cover losses, which customers may incur. In the event that customers fail to satisfy their obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the customers' obligations. The Company does not expect nonperformance by customers. There is no maximum risk of loss under such arrangement. Based on experience, the Company believes such risk of loss to be remote.

11. Adjustment to Beginning Retained Earnings

The Company has recorded an adjustment to beginning retained earnings to appropriately reflect federal and state deferred tax assets which should have been recognized as of December 31, 2005 and to appropriately reflect estimated state and federal taxes payable as of December 31, 2006. The adjustment to decrease retained earnings totaling \$364,000 relates to recognition of the following:

(In thousand of dollars)

Increase federal deferred tax assets	\$ 140
Increase state deferred tax assets	30
Increase federal taxes payable	(147)
Increase state taxes payable	(387)
	<u>\$ (364)</u>

Advantage Capital Corporation

An indirect wholly owned subsidiary of American International Group, Inc.

Computation of Net Capital Under SEC Rule 15c3-1

December 31, 2006

Schedule I

(in thousands of dollars)

Stockholder's equity	
Less non-allowable assets	\$ 15,663
Other unsecured receivables	(1,221)
Unsecured customer debits held at clearing broker	(3)
Prepaid expenses and other assets	(930)
Furniture, equipment, leasehold improvements and software, net	(198)
Goodwill	(7,150)
Deferred taxes	(88)
Net capital before haircuts on securities positions	6,073
Other deductions and/or charges (Fidelity Bond)	(20)
Less haircuts on securities owned, including pledged security	(197)
Net capital	5,856
Alternative minimum net capital requirement	(250)
Excess net capital	\$ 5,606

Reconciliation with the Company's computation (included in Part II of Form X-17A-5 as of December 31, 2006).

(in thousands of dollars)

Net capital as reported in Part II (unaudited) Focus Report	\$ 5,943
Adjustments:	
Legal Reserve	(39)
State income tax	(48)
Net capital per above	\$ 5,856

Advantage Capital Corporation

An indirect wholly owned subsidiary of American International Group, Inc.

Computation For Reserve Requirements and Information Relating to Possession or Control Requirements Pursuant to SEC Rule 15c3-3

December 31, 2006

Schedule II

The Company has claimed exemption from SEC Rule 15c3-3 under sub paragraph (k)(2)(i) and (k)(2)(ii).

**Illustrative Report of Independent Auditors on Internal
Control Required by SEC Rule 17a-5**

To the Stockholder and Board of Directors of
Advantage Capital Corporation:

In planning and performing our audit of the financial statements of Advantage Capital Corporation (the "Company") as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) 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 (the "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 making the following:

1. The periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11);
2. The quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13; and
3. Determining compliance with the exemptive provisions of Rule 15c3-3.

Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. 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; and
2. 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 the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

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, second, and third 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 Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2006 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

Atlanta, Georgia
February 28, 2007

END