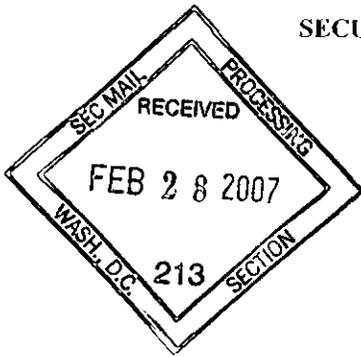


BB 3/12 \*



SECURITIES A  
W:



07003809

|                                |
|--------------------------------|
| OMB APPROVAL                   |
| OMB Number: 3235-0123          |
| Expires: January 31, 2007      |
| Estimates average burden       |
| Hours per response . . . 12.00 |

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

|                 |
|-----------------|
| SEC FILE NUMBER |
| 8 - 53493       |

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2006 AND ENDING December 31, 2006  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER DEALER:

FIVE MILE CAPITAL SECURITIES, LLC

|                   |
|-------------------|
| OFFICIAL USE ONLY |
| _____             |
| FIRM ID. NO.      |

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

107 ELM STREET

(No. And Street)

STAMFORD,

CT

06902

(City)

(State)

(Zip Code)

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

GENNARO J. FULVIO

(212) 490 - 3113

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

GRANT THORNTON, LLP

ATTN: MARK RAMLER

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

60 BROAD STREET

NEW YORK

NY

10004

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 14 2007

THOMSON  
FINANCIAL

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

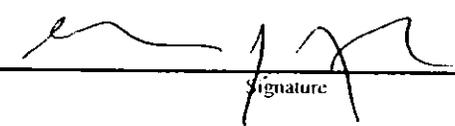
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as basis for the exemption. See section 240.17a-5(e)(2).

mm

OATH OR AFFIRMATION

I, GENNARO J. FULVIO, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FIVE MILE CAPITAL SECURITIES, LLC, 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  
FINOP  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Notary Public

**VIKTORIYA PISETSKAYA**  
**NOTARY PUBLIC-STATE OF NEW YORK**  
**No. 01PI6063786**  
**Qualified in Kings County**  
**My Commission Expires September 10, 2009**

This report \*\* contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation or 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 sin the date of previous audit.
- (o) Supplemental independent Auditors Report on Internal Accounting Control.

\*\*For conditions of confidential treatment of certain portions of this filing see section 240.17a-5(e)(3).

STATEMENT OF FINANCIAL CONDITION  
AND REPORT OF INDEPENDENT CERTIFIED  
PUBLIC ACCOUNTANTS

**FIVE MILE CAPITAL SECURITIES LLC**

December 31, 2006



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Member of  
**Five Mile Capital Securities LLC**

We have audited the accompanying statement of financial condition of Five Mile Capital Securities LLC as of December 31, 2006. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Five Mile Capital Securities LLC as of December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

*Grant Thornton LLP*

New York, New York  
February 16, 2007

Five Mile Capital Securities LLC

STATEMENT OF FINANCIAL CONDITION

December 31, 2006

|  |                  |
|--|------------------|
| Assets                                 |                  |
| Cash                                   | \$119,620        |
| Receivable from broker dealer          | 11,259           |
| Other assets                           | <u>3,807</u>     |
| Total assets                           | <u>\$134,686</u> |
| Liabilities and member's capital       |                  |
| Accrued expenses and other liabilities | \$ 8,175         |
| Payable to Parent                      | <u>51,961</u>    |
| Total liabilities                      | 60,136           |
| Member's capital                       | <u>74,550</u>    |
| Total liabilities and members' capital | <u>\$134,686</u> |

*The accompanying notes are an integral part of this statement.*

Five Mile Capital Securities LLC

NOTES TO STATEMENT OF FINANCIAL CONDITION

December 31, 2006

**NOTE A - ORGANIZATION**

Five Mile Capital Securities LLC (the "Company") has been organized in the State of Delaware since February 23, 2001 and registered as a broker-dealer in securities with the Securities and Exchange Commission ("SEC") and the National Association of Securities Dealers, Inc. ("NASD") since March 2002. The Company was acquired by, and became a wholly-owned subsidiary of, Five Mile Capital Partners LLC (the "Parent") in September 25, 2003. In 2006, the Company began acting as a private placement agent for private investment funds (the "Funds") managed by its Parent (see Note E). The Parent has agreed to provide financial support to the Company and may supply additional capital as may from time to time be required to meet both regulatory and/or business requirements.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. *Cash*

Cash consists of deposits at a major domestic bank.

2. *Receivable from Broker Dealer*

The Company introduces its customer transactions to "Penson Financial Services, Inc." ("Penson"), the firm's clearing broker, with whom it has a correspondent relationship for clearance in accordance with the terms of a clearance agreement. At December 31, 2006, the receivable from broker dealer reflected on the statement of financial condition represents the clearing deposit with Penson.

3. *Income Taxes*

The Company is recognized as a sole member Limited Liability Company (an "LLC") by the Internal Revenue Service. As a sole member LLC, the Company is not subject to income taxes.

4. *Estimates and Indemnifications*

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

Five Mile Capital Securities LLC

**NOTES TO STATEMENT OF FINANCIAL CONDITION (continued)**

December 31, 2006

**NOTE B (continued)**

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 occurred. However, the Company expects the risk of loss to be remote.

**NOTE C - RULE 15c3-3**

The Company is exempt from the provisions of Rule 15c3-3 under paragraph (k)(2)(ii) in that the Company carries no margin accounts, promptly transmits all customer funds and delivers all securities received, does not otherwise hold funds or securities for or owe money or securities to customers and effectuates all financial transactions on behalf of customers on a fully disclosed basis.

**NOTE D - NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission's Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2006, the Company had net capital of \$70,743, which exceeded the minimum requirement of \$5,000 by \$65,743. The Company's ratio of aggregate indebtedness to net capital ratio was .85 to 1 at December 31, 2006.

**NOTE E - FEES AND OTHER TRANSACTIONS WITH AFFILIATES**

The Company, under a Placement Agent Agreement dated as of February 1, 2006 (the "Placement Agent Agreement"), acts as the private placement agent for the Funds managed by the Parent Company. In accordance with the Placement Agent Agreement, the Company may offer, sell and issue interests from time to time. For the services rendered, the Parent has agreed to pay fees, as stipulated in the Placement Agent Agreement, to the Company on behalf of the Funds. For the year ended December 31, 2006, the Company did not earn or receive any fees related to these services.

In addition, the Company under the Consulting Agreement dated July 1, 2004, as amended September 2005 (collectively referred to as the "Consulting Agreement"), provided the Parent, and its affiliated funds, with certain fixed income market information and received a consulting fee for these services.

Five Mile Capital Securities LLC

NOTES TO STATEMENT OF FINANCIAL CONDITION (continued)

December 31, 2006

**NOTE E (continued)**

The Consulting Agreement was further amended by a Limited Waiver Agreement whereby the Parent Company will only allocate marketing and placement agent related expenses and certain support and operational expenses incurred on behalf of the Company.

During the year, the Parent also agreed to forgive and convert certain outstanding debt owing to the Parent by the Company as additional capital contribution to be used in operations. In addition, in the normal course of business, the Parent or an affiliate may pay organizational and operating expenses of the Company and be reimbursed by the Company.

END