



SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL
 OMB Number: 3235-0123
 Expires: February 28, 2010
 Estimated average burden hours per response... 12.00

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

SEC MAIL RECEIVED
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 WASH. D.C. SECTION 213

SEC FILE NUMBER
 8-13659

**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 01/01/06 AND ENDING 12/31/06
 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

ILG Securities Corporation

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

6500 River Place Blvd., Building One

(No. and Street)

Austin

(City)

Texas

(State)

78730

(Zip Code)

OFFICIAL USE ONLY
 FIRM ID. NO.

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

David C. Hopkins

(512) 404-5287

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

CF & Co., L.L.P.

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

14175 Proton Rd.

(Address)

Dallas

(City)

TX

75244

(Zip Code)

PROCESSED

CHECK ONE:

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

MAR 19 2007
 MUMSON FINANCIAL

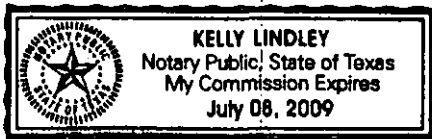
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

Handwritten signature and date: 3/16/07

OATH OR AFFIRMATION

I, Diane Goodin, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ILG Securities Corporation, 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:



Diane Goodin
Signature
Financial & Operational Principal
Title

Kelly Lindley
Notary Public

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of 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 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) Independent auditor's report on internal control

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

ILG SECURITIES CORPORATION
REPORT PURSUANT TO RULE 17a-5(d)
YEAR ENDED DECEMBER 31, 2006

ILG SECURITIES CORPORATION

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CF & Co., L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

Independent Auditor's Report

To the Board of Directors and Stockholder
ILG Securities Corporation

We have audited the accompanying statement of financial condition of ILG Securities Corporation as of December 31, 2006, and the related statements of income, changes in stockholder's equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year 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 audit.

We conducted our audit 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. 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 audit provides 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 ILG Securities Corporation, as of 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the 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.

A handwritten signature in black ink, appearing to read 'CF & Co., L.L.P.', is written over the printed name of the firm.

CF & Co., L.L.P.

Dallas, Texas
February 23, 2007

ILG SECURITIES CORPORATION
Statement of Financial Condition
December 31, 2006

ASSETS

Cash and cash equivalents	\$ 402,613
Commissions receivable	4,100
Federal income tax receivable	1,572
Other assets	<u>5,676</u>
Total assets	<u>\$ 413,961</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities	
Accrued liabilities - related party	\$ 119,661
Accounts payable	<u>12,341</u>
Total liabilities	<u>132,002</u>
Stockholder's equity	
Common stock, \$100 par value, 1,000 shares authorized, 300 shares issued and outstanding	30,000
Additional paid-in capital	941,107
Accumulated deficit	<u>(689,148)</u>
Total stockholder's equity	<u>281,959</u>
Total liabilities and stockholder's equity	<u>\$ 413,961</u>

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

ILG SECURITIES CORPORATION
Statement of Income
For the Year Ended December 31, 2006

Revenues		
Commission income		\$ 20,506
Interest income		<u>10,277</u>
Total revenues		<u>30,783</u>
Expenses		
Regulatory fees and expenses		1,542
Other administrative expenses		<u>19,304</u>
Total expenses		<u>20,846</u>
Net income before income taxes		9,937
Provision (benefit) for income taxes		<u>3,394</u>
Net income		<u><u>\$ 6,543</u></u>

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

ILG SECURITIES CORPORATION
Statement of Changes in Stockholder's Equity
For the Year Ended December 31, 2006

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
Balance, December 31, 2005	300	\$ 30,000	\$ 941,107	\$ (695,691)	\$ 275,416
Net income				6,543	6,543
Balance, December 31, 2006	<u>300</u>	<u>\$ 30,000</u>	<u>\$ 941,107</u>	<u>\$ (689,148)</u>	<u>\$ 281,959</u>

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

ILG SECURITIES CORPORATION
Statement of Changes in Liabilities Subordinated
to Claims of General Creditors
For the Year Ended December 31, 2006

Balance, December 31, 2005	\$	--
Additions		--
Retirements		--
		<hr/>
Balance, December 31, 2006	\$	--
		<hr/> <hr/>

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

ILG SECURITIES CORPORATION
Statement of Cash Flows
For the Year Ended December 31, 2006

Cash flows from operating activities	
Net income	\$ 6,543
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in commissions receivable	(96)
Decrease in federal income tax receivable	3,370
Increase in other assets	(5,010)
Increase in accrued liabilities - related party	1,838
Increase in accounts payable	<u>11,841</u>
Net cash provided by operating activities	<u>18,486</u>
Cash flows from investing activities	
Net cash provided by investing activities	<u>--</u>
Cash flows from financing activities	
Net cash provided by financing activities	<u>--</u>
Net increase in cash and cash equivalents	18,486
Beginning cash and cash equivalents	<u>384,127</u>
Ending cash and cash equivalents	<u><u>\$ 402,613</u></u>
Supplemental Disclosures	
Cash paid for:	
Interest	<u><u>\$ --</u></u>
Income taxes	<u><u>\$ --</u></u>

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

ILG SECURITIES CORPORATION
Notes to Financial Statements
December 31, 2006

Note 1 - Description of Business

ILG Securities Corporation (the "Company") is a wholly-owned subsidiary of Investors Life Insurance Company of North America (the "Parent"), which is a wholly-owned subsidiary of Financial Industries Corporation. The Company is a registered broker-dealer, which acts as the principal underwriter of variable annuity products sponsored by the Parent. Previously, the Company was actively engaged in the retail marketing of mutual fund shares issued by unrelated companies. The Company's income is primarily related to commissions on unsolicited additional account purchases made by mutual fund customers for whom the Company is the broker of record.

Note 2 - Summary of Significant Accounting Policies

For purposes of reporting cash flows, the Company has defined cash equivalents as highly liquid debt instruments purchased with a maturity of less than ninety days.

Commission income and expense are recognized on a trade date basis.

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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Federal Income Taxes

The Company files a separate federal income tax return. Income taxes are recorded using the separate company method to comply with FASB Statement 109. Any resulting provision or benefit for income taxes is recorded as federal income tax receivable or payable.

Note 4 - Accrued Liabilities – Related Party

Included in accrued liabilities is \$119,661 of amounts that were originally received as a payment to the Company in connection with securities transactions involving the investment portfolios of the Parent and another insurance subsidiary of Financial Industries Corporation. The Company did not serve as broker or dealer on these transactions. In 2003, the Company had determined that the requirements to

ILG SECURITIES CORPORATION

Notes to Financial Statements

December 31, 2006

Note 4 - Accrued Liabilities – Related Party, continued

recognize the payments as revenue had not been met. Accordingly, such amounts were reflected as accrued liabilities until such time as requirements to recognize as revenue are completed or other disposition was determined for the monies. The Company determined in 2004 that the monies were due to the Parent and insurance subsidiary as the funds do not represent commissions, fees, or income to the Company. Such monies are expected to be paid to the Parent during March 2007 as there has been a resolution of the litigation as disclosed in Note 9.

Accrued liabilities	\$ <u>119,661</u>
Total	\$ <u>119,661</u>

Note 5 - Net Capital Requirements

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934 the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2006 the Company had net capital of approximately \$270,611 and net capital requirements of \$25,000. The Company's ratio of aggregate indebtedness to net capital was .49 to 1. The Securities and Exchange Commission permits a ratio of no greater than 15 to 1.

Note 6 - Possession or Control Requirements

The Company holds no customer funds or securities. There were no material inadequacies in the procedures followed in adhering to the exemptive provisions of (SEC) Rule 15c3-3(k)(2)(i).

Note 7 - Concentration Risk

The Company maintains its cash in bank deposit accounts which at December 31, 2006, and at various other times during the year, exceeded federally insured limits of \$100,000. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

ILG SECURITIES CORPORATION

Notes to Financial Statements

December 31, 2006

Note 8 - Related Party

The Company and its Parent are under common control and the existence of that control could create operating results and financial position different than if the companies were autonomous.

Note 9 - Commitment and Contingencies

The Company had previously filed a lawsuit to obtain commissions from another broker-dealer and the broker-dealer has countersued the Company. The matter then became the subject of an NASD arbitration.

The parties recently agreed to dismiss their respective claims without prejudice and the NASD has closed its file. Management believes the matter is concluded.

Supplemental Information
Pursuant to Rule 17a-5 of the
Securities Exchange Act of 1934
as of
December 31, 2006

Schedule I

ILG SECURITIES CORPORATION
Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission
As of December 31, 2006

Computation of Net Capital

Total stockholder's equity qualified for net capital		\$ 281,959
Add:		
Other deductions or allowable credits		<u> --</u>
Total capital and allowable subordinated liabilities		281,959
Deductions and/or charges		
Non-allowable assets:		
Commissions receivable	\$ 4,100	
Federal income tax receivable	1,572	
Other assets	<u>5,676</u>	<u>(11,348)</u>
Net capital before haircuts on securities positions		270,611
Haircuts on securities (computed, where applicable, pursuant to Rule 15c3-1(f)):		<u> --</u>
Net capital		<u><u>\$ 270,611</u></u>
Aggregate Indebtedness		
Items included in statement of financial condition		
Accrued liabilities		\$ 119,661
Accounts payable		<u>12,341</u>
Total aggregate indebtedness		<u><u>\$ 132,002</u></u>

Schedule I (continued)

ILG SECURITIES CORPORATION
Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission
As of December 31, 2006

Computation of Basic Net Capital Requirement

Minimum net capital required (6 2/3% of total aggregate indebtedness)	<u>\$ 8,800</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 25,000</u>
Minimum net capital requirement (greater of two minimum requirement amounts)	<u>\$ 25,000</u>
Net capital in excess of minimum required	<u>\$ 245,611</u>
Excess net capital at 1000%	<u>\$ 257,411</u>
Ratio: Aggregate indebtedness to net capital	<u>0.49 to 1</u>

Reconciliation with Company's Computation

There were no material differences in the computation of net capital under Rule 15c3-1 from Company's computation.

Schedule II

ILG SECURITIES CORPORATION

Computation for Determination of Reserve Requirements Under

Rule 15c3-3 of the Securities and Exchange Commission

As of December 31, 2006

Exemptive Provisions

The Company is exempt from the possession, control and reserve requirements of SEC Rule 15c3-3 as the Company's activities are limited to those as set forth in paragraphs (k)(2)(i) of Rule 15c3-3.

Independent Auditor's Report

On Internal Control

Required By SEC Rule 17a-5

Year Ended

December 31, 2006



CF & Co., L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL REQUIRED BY SEC RULE 17a-5

Board of Directors and Stockholder
ILG Securities Corporation

In planning and performing our audit of the financial statements and supplemental information of ILG Securities Corporation (the "Company"), for the year ended December 31, 2006, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives.

Two of the objectives of internal control and the practices and procedures are to provide 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 accordance with accounting principles

generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including 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.



CF & Co., L.L.P.

Dallas, Texas
February 23, 2007

END