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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

SEC FILE NUMBER
8- 052177

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: Internet Securities

OFFICIAL USE ONLY
FIRM I.D. NO.

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

300 Frank H Ogawa Plaza Suite 210

(No. and Street)

Oakland California

(City)

(State)

(Zip Code)

94612

PROCESSED

MAR 29 2007

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

Michael Beardsley

510.444.5240 JASON

(Area Code - Telephone Number) CIAL

**B. ACCOUNTANT IDENTIFICATION**

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

Breard & Associates Inc., Certified Public Accountants

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

9221 Corbin Avenue Suite 170 Northridge

(Address)

(City)

(State)

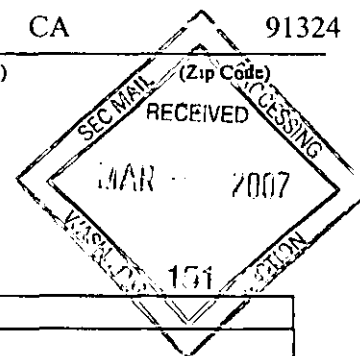
CA

91324

(Zip Code)

CHECK ONE:

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



**FOR OFFICIAL USE ONLY**

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

SEC 1410 (06-02)

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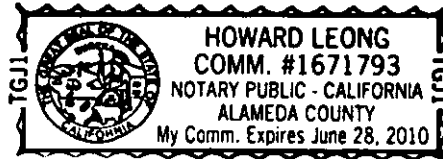
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OATH OR AFFIRMATION

I, Michael Beardsley, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Internet Securities, 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:

State of CALIFORNIA
County of ALAMEDA
Subscribed and sworn (or affirmed) to before me this 27 day of FEB, 2007
Notary Public

Michael W. Beardsley
Signature
President & CEO
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 Cash Flows
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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

**BREARD & ASSOCIATES, INC.**  
Certified Public Accountants

Independent Auditor's Report

Board of Directors  
Internet Securities:

We have audited the accompanying statement of financial condition of Internet Securities (the Company) as of December 31, 2006, and the related statements of operations, 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 Internet Securities 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 conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, and III 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.



Breard & Associates, Inc.  
Certified Public Accountants

Northridge, California  
February 7, 2007

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**Internet Securities**  
**Statement of Financial Condition**  
**December 31, 2006**

**Assets**

Cash and cash equivalents	\$ 19,480
Accounts receivable	101,425
Deposit with clearing organization	7,575
Receivable from related party	14,246
Furniture & equipment, net	1,992
Deposits	405
Deferred income taxes	<u>22,881</u>
<b>Total assets</b>	<b><u>\$ 168,004</u></b>

**Liabilities and Stockholder's Equity**

**Liabilities**

Accounts payable and accrued expenses	\$ 32,083
Commission payable	85,000
Income tax payable	29
Subordinated debt	<u>17,746</u>
<b>Total liabilities</b>	<b>134,858</b>

**Stockholder's equity**

Common stock, no par value, 10 million shares authorized, 2.5 million shares issued and outstanding	2,500
Additional paid-in capital	255,319
Accumulated deficit	<u>(224,673)</u>
<b>Total stockholder's equity</b>	<b><u>33,146</u></b>
<b>Total liabilities and stockholder's equity</b>	<b><u>\$ 168,004</u></b>

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

**Internet Securities  
Statement of Operations  
For the Year Ended December 31, 2006**

**Revenue**

Private placement income	\$ 180,907
Consulting income	16,618
Commissions	2,230
Interest and dividend income	918
Other income	<u>450</u>

**Total revenue** 201,123

**Expenses**

Commissions, trading fees and floor brokerage	160,188
Communications	2,663
Occupancy	4,797
Interest	2,463
Taxes, other than income taxes	2,345
Other operating expenses	<u>49,042</u>

**Total expenses** 221,498

**Net income (loss) before income tax provision** (20,375)

**Income tax provision** 800

**Net income (loss)** \$ (21,175)

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

**Internet Securities**  
**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>
Balance at December 31, 2005	\$ 2,500	\$ 255,319	\$ (203,498)	\$ 54,321
Net income (loss)	<u>—</u>	<u>—</u>	<u>(21,175)</u>	<u>(21,175)</u>
Balance at December 31, 2006	<u>\$ 2,500</u>	<u>\$ 255,319</u>	<u>\$ (224,673)</u>	<u>\$ 33,146</u>

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

**Internet Securities**  
**Statement of Changes in Liabilities Subordinated**  
**to the Claims of General Creditors**  
**For the Year Ended December 31, 2006**

	<u>Subordinated debt</u>
Balance at December 31, 2005	\$ 17,746
Additions (Reductions)	<u>          -</u>
Balance at December 31, 2006	<u>\$ 17,746</u>

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

**Internet Securities**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2006**

**Cash flows from operating activities:**

Net income (loss)		\$ (21,175)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	\$ 901	
Increase (decrease) in:		
Accounts receivable	(101,425)	
Deferred income taxes	771	
Deposit with clearing organization	2,470	
(Decrease) increase in:		
Accounts payable	3,956	
Commissions payable	<u>85,000</u>	
Total adjustments		<u>(8,298)</u>
<b>Net cash and cash equivalents provided by (used in) operating activities</b>		<b>(29,473)</b>

**Cash flows from investing activities:**

Purchase of equipment	<u>(1,025)</u>	
<b>Net cash and cash equivalents provided by (used in) investing activities</b>		<b>(1,025)</b>

**Cash flows from financing activities:**

Advances to related party, net	<u>14,286</u>	
<b>Net cash and cash equivalents provided by (used in) financing activities</b>		<b><u>14,286</u></b>

**Net increase (decrease) in cash and cash equivalents** (16,212)

**Cash and cash equivalents at beginning of year** 35,692

**Cash and cash equivalents at end of year** \$ 19,480

**Supplemental disclosure of cash flow information:**

Cash paid during the year for		
Income taxes	\$ 800	
Interest	\$ 2,463	



**Internet Securities**  
**Notes to Financial Statements**  
**December 31, 2006**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*General*

Internet Securities ( the "Company") was incorporated in the State of California on February 19, 1999. The Company is registered with the Securities and Exchange Commission as an introducing broker-dealer of securities that does not receive funds; and is a member of the National Association of Securities Dealers, Inc. ("NASD") and the Securities Investor Protection Corporation ("SIPC").

The Company is an online investment bank focused on the telecommunications industry. The Company offers consulting services in the areas of mergers and acquisitions, private equity underwriting, and equity research. For the year ending December 31, 2006, the Company earned revenue from fewer than five (5) clients, with one client comprising about 80% of total revenue.

*Summary of Significant Accounting Policies*

The presentation 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

For purposes of statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company also includes money market accounts as cash equivalents.

Accounts receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

Furniture and equipment are stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized. Furniture & equipment are depreciated over its estimated useful lives of three (3) years to five (5) years, respectively by the straight-line method.

The Company receives fees in accordance with terms stipulated in its engagement contracts. Fees are recognized as earned. The Company also receives success fees when transactions are completed. Success fees are recognized when earned, the Company has no further continuing obligations, and collection is reasonably assured.

**Internet Securities**  
**Notes to Financial Statements**  
**December 31, 2006**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

Consulting income consists of fees for trade show presentations for the year 2006. The income is recognized upon receipt, usually before the event. Other income consists of revenue earned by the Company for assisting clients with compliance associated with the hiring of a representative.

Deferred income taxes are provided under the Statement of Financial Accounting Standards No. 109. This standard provides a balance sheet approach to income tax accounting. The principal difference between the financial reporting and tax basis of the assets and liabilities is the rapid depreciation write off of fixed assets for taxes, and the carryforward of net operating losses to offset future income.

**Note 2: FURNITURE AND EQUIPMENT, NET**

The furniture and equipment are recorded at cost.

		<u>Depreciable Life Years</u>
Furniture & fixtures	\$ 161	5
Equipment	340	5
Computers	8,244	5
Software	<u>1,168</u>	3
	9,913	
Less accumulated depreciation	<u>(7,921)</u>	
Furniture and equipment, net	<u>\$ 1,992</u>	

Depreciation expense for the year ended December 31, 2006 was \$901.

**Note 3: SUBORDINATED LOAN AGREEMENT**

The borrowings under subordination loan agreements at December 31, 2006 are listed as follows:

Liabilities subordinated to the claims of general creditors:	
No interest, due November 30, 2007	<u>\$ 17,746</u>

The subordinated borrowing is covered by agreements approved by the National Association of Security Dealers, Inc. and is thus available in computing net capital under the Securities and Exchange Commission's uniform net capital rule. To the extent that such borrowing is required for the Company's continued compliance with minimum net capital requirements, it may not be repaid.

**Internet Securities**  
**Notes to Financial Statements**  
**December 31, 2006**

**Note 4: DEPOSITS HELD AT CLEARING FIRM**

The Company has deposited \$7,575 with North American Clearing Inc. as security for its transactions with them. Interest is paid monthly on the deposit at the average overnight repurchase agreement rate.

**Note 5: RENT EXPENSE**

Current year rent expense consists of the following:

Office rent	<u>\$ 4,797</u>
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**Note 6: INCOME TAXES**

The income tax provision consists of the following:

Federal taxes	\$ -
State taxes	<u>800</u>
Total income tax provision	<u>\$ 800</u>

Deferred income tax expenses are recognized for the tax effects attributable to temporary differences in the basis of assets and liabilities for financial and tax reporting purposes.

**Note 7: CONCENTRATION OF CREDIT RISK**

The Company is engaged in various trading and brokerage activities in whose counterparties 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 upon the creditworthiness of the counterparty or issuer of the instrument. To mitigate the risk of loss, the Company maintains its accounts with credit worthy customers and counterparties.

**Note 8: RECENTLY ISSUED ACCOUNTING STANDARDS**

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109.

**Internet Securities**  
**Notes to Financial Statements**  
**December 31, 2006**

**Note 8: RECENTLY ISSUED ACCOUNTING STANDARDS**  
**(Continued)**

FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The evaluation of a tax position in accordance with FIN 48 is a two-step process. The first step is to determine whether it is more-likely-than-not that a tax position will be sustained upon examination based on the technical merits of the position. The second step is measurement of any tax position that meets the more-likely-than-not recognition threshold to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. FIN 48 also provides guidance on the de-recognition of uncertain positions, financial statement classification, accounting for interest and penalties, accounting for interim periods and new disclosure requirements. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the impact that the adoption of FIN 48 will have on its financial position and results of operations. However, the impact is not expected to be material.

In September 2006, the FASB issued Statement of Accounting Financial Standards (“SFAS”) No. 157, “Fair Value Measurements” (“SFAS 157”). SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. The company is currently evaluating the new standard. However, adoption of SFAS 157 is not expected to have a material effect on the Company’s financial statements.

In September 2006, the FASB issued SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements Nos. 87, 106, and 132(R)” (“SFAS 158”). SFAS 158 requires companies to recognize on a prospective basis the funded status of their defined benefit pension and postretirement plans as an asset or liability and to recognize changes in that funded status in the year in which the changes occur as a component of other comprehensive income, net of tax. The effective date of the pronouncement is a function of whether the Company’s equity securities are traded publicly. If the entity has publicly traded securities, the effective date is for fiscal years ending after December 15, 2006. Entities without publicly traded securities must adopt the standard for fiscal years ending after June 15, 2007. The company is currently evaluating the new standard. However, adoption of SFAS 158 is not expected to have a material effect on the Company’s financial statements.

**Internet Securities  
Notes to Financial Statements  
December 31, 2006**

**Note 9: NET CAPITAL REQUIREMENTS**

The Company is subject to the uniform net capital rule (Rule 15c3-1) of the Securities and Exchange Commission, which requires both 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. Net capital and aggregate indebtedness change day to day, but on December 31, 2006, the Company's net capital of (\$3,632), which was (\$8,632) in deficit of its required net capital of \$5,000; and the Company's ratio of aggregate indebtedness (\$49,858) to net capital was infinite, which is more than the 15 to 1 maximum ratio permissible for a broker/dealer.

**Note 10: RECONCILIATION OF AUDITED NET CAPITAL TO UNAUDITED FOCUS**

There is a \$21,396 difference between the computation of net capital under net capital SEC rule 15c3-1 and the corresponding unaudited focus part IIA.

Net capital per unaudited schedule	\$ 17,764
Adjustments:	
Accumulated deficit	\$ (9,012)
Non-allowable assets	<u>(12,384)</u>
Total adjustments	<u>(21,396)</u>
Net capital per audited statements	<u>\$ (3,632)</u>

**Internet Securities**  
**Schedule I-Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-3**  
**As of December 31, 2006**

**Computation of net capital**

Stockholder's equity			
Common stock	\$	2,500	
Additional paid-in capital		255,319	
Accumulated deficit		<u>(224,673)</u>	
Total stockholder's equity	\$		33,146
Add: Liabilities subordinated to the claims of general creditors			
Subordinated loan agreement			<u>17,746</u>
Total stockholder's equity and allowable subordinated liabilities			50,892
Less: Non-allowable assets			
Receivable from related party		(14,246)	
Accounts receivable greater than 30 days, in excess of related payables		(15,000)	
Furniture & equipment, net		(1,992)	
Deposits		(405)	
Deferred income taxes		<u>(22,881)</u>	
Total non-allowable assets			<u>(54,524)</u>
<b>Net capital (deficiency)</b>			<b>(3,632)</b>

**Computation of net capital requirements**

Minimum net capital requirements			
6 2/3 percent of net aggregate indebtedness	\$	3,324	
Minimum dollar net capital required		5,000	
Net capital required (greater of above)			<u>(5,000)</u>

**Excess (deficient) net capital** \$ (8,632)

Ratio of aggregate indebtedness to net capital infinite

Because net capital is negative, ratio does not compute. There was a \$21,396 difference between net capital shown here and net capital as reported on the Company's unaudited Form X-17A-5 report dated December 31, 2006. See Note 10.

*See independent auditor's report.*

**Internet Securities**  
**Schedule II - Computation for Determination of Reserve Requirements**  
**Pursuant to Rule 15c3-3**  
**As of December 31, 2006**

A computation of reserve requirement is not applicable to Internet Securities as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(i).

*See independent auditor's report.*

**Internet Securities**  
**Schedule III - Information Relating to Possession or Control**  
**Requirements Under Rule 15c3-3**  
**As of December 31, 2006**

Information relating to possession or control requirements is not applicable to Internet Securities as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(i).

*See independent auditor's report.*



**Internet Securities**  
**Supplementary Accountant's Report**  
**on Internal Accounting Control**  
**Report Pursuant to 17a-5.**  
**For the Year Ended December 31, 2006**

**BREARD & ASSOCIATES, INC.**  
Certified Public Accountants

Board of Directors  
Internet Securities:

In planning and performing our audit of the financial statements of Internet Securities (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 (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 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 (or aggregate debits) 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 and recordation of differences required by rule 17a-13
2. 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 judgements 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.

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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 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 entity's 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.

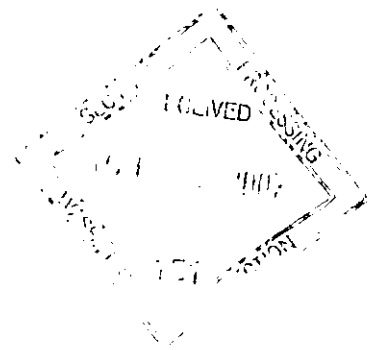
We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that 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, 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, 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.

*Breard & Associates, Inc.*

Breard & Associates, Inc.  
Certified Public Accountants

Northridge, California  
February 7, 2007



**Internet Securities**  
**Report Pursuant to Rule 17a-5 (d)**  
**Financial Statements**  
**For the Year Ended December 31, 2006**

**END**