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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

07006665

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

SEC FILE NUMBER
8- 066978

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: Plan B Investments, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
4444 Riverside Drive, Suite 105
(No. and Street)

Burbank California 91505
(City) (State) (Zip Code)

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

Marty O'Malley (818)859-7300
(Area Code - Telephone No.)

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 California 91324
(Address) (City) (State) (Zip Code)

PROCESSED
APR 11 2007

CHECK ONE:

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

FOR OFFICIAL USE ONLY
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 (3-91)

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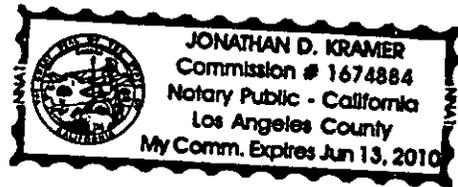
AB
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OATH OR AFFIRMATION

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

State of CALIFORNIA
County of Los Angeles
Subscribed and sworn (or affirmed) to before me this 27 day of February, 2007
Jonathan D. Kramer
Notary Public

Marty O'Malley
Signature
President
Title



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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in ~~Financial Condition~~ 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.

**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
Plan B Investments, Inc.:

We have audited the accompanying statement of financial condition of Plan B Investments, Inc. (the Company) as of December 31, 2006, and the related statements of income, changes in stockholder's equity, and cash flows for the period from inception to December 31, 2006 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 Plan B Investments, Inc. 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.

Breard & Associates, Inc.
Certified Public Accountants

Northridge, California
March 8, 2007

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Plan B Investments, Inc.
Statement of Financial Condition
December 31, 2006

Assets

Cash	\$ 23,224
Accounts receivable	218
Furniture and equipment, net	5,299
Deposit	<u>2,111</u>
Total assets	<u>\$ 30,852</u>

Liabilities and Stockholder's Equity

Liabilities

Accounts payable and accrued expenses	\$ 442
Income taxes payable	<u>800</u>

Total liabilities 1,242

Stockholder's equity

Common stock, no par value, 100,000 shares authorized, 1,000 issued, and outstanding	25,000
Retained earnings	<u>4,610</u>

Total stockholder's equity 29,610

Total liabilities and stockholder's equity **\$ 30,852**

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

Plan B Investments, Inc.
Statement of Income
For the Period from Inception to December 31, 2006

Revenue

Commission income	\$ 60,158
Insurance income	58,836
Other income	<u>2,645</u>
Total revenue	121,639

Expenses

Employee compensation and benefits	44,222
Commissions and floor brokerage	6,133
Occupancy expense	14,587
Taxes, other than income taxes	4,877
Other operating expenses	<u>46,410</u>

Total expenses 116,229

Net income (loss) before income tax provision 5,410

Income tax provision 800

Net income (loss) \$ 4,610

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

Plan B Investments, Inc.
Statement of Changes in Stockholder's Equity
For the Period from Inception to December 31, 2006

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Issuance of common stock	\$ 25,000	\$ -	\$ 25,000
Net income (loss)	<u>-</u>	<u>4,610</u>	<u>4,610</u>
Balance from inception to December 31, 2006	<u>\$ 25,000</u>	<u>\$ 4,610</u>	<u>\$ 29,610</u>

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

Plan B Investments, Inc.
Statement of Cash Flows
For the Period from Inception to December 31, 2006

Cash flows from operating activities:		
Net income (loss)		\$ 4,610
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	\$ 5,368	
(Increase) decrease in:		
Accounts receivable	(218)	
Deposit	(2,111)	
(Decrease) increase in:		
Accounts payable and accrued expenses	442	
Income taxes payable	800	
Total adjustments		<u>4,281</u>
Net cash provided by (used in) operating activities		8,891
 Cash flows from investing activities:		
Purchase of equipment	<u>(667)</u>	
Net cash provided by (used in) operating activities		(667)
 Cash flows from financing activities:		
Proceeds from issuance of common stock	<u>15,000</u>	
Net cash provided by (used in) financing activities		<u>15,000</u>
 Net increase (decrease) in cash and cash equivalents		23,224
 Cash and cash equivalents at beginning of year		<u>—</u>
 Cash and cash equivalents at end of year		<u><u>\$ 23,224</u></u>

Supplemental disclosure of cash flow information:

Cash paid during the year for:		
Income taxes	\$ 800	
Interest	\$ —	

Supplemental disclosure of noncash activities:

During the period from inception to December 31, 2006, the sole stockholder contributed computers and furniture with the total fair market value of \$10,000 to the Company in exchange for its ownership interest.

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

Plan B Investments, Inc.
Notes to Financial Statements
December 31, 2006

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Plan B Investments, Inc. (the "Company") was incorporated in the State of California on September 23, 2004. On October 28, 2005, the Company became a registered broker/dealer in securities under the Securities Exchange Act of 1934, as amended, to provide investment advisory services, and to sell mutual funds, and variable annuities

The Company became registered as a broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the National Association of Securities Dealers ("NASD"). The Company is headquartered in Burbank, CA.

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.

Securities transactions are recorded on a trade date basis with related commission income and expenses also recorded on a trade date basis.

Accounts receivable is stated at face value 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 and equipment are depreciated over their estimated useful lives of five (5) years. The Company uses the double declining method of depreciation.

Advertising costs are expensed as incurred. For the period ended December 31, 2006, the Company charged \$1,934, to other operating expenses for advertising costs.

The Company, with the consent of its Stockholders, has elected to be an S Corporation and accordingly has its income taxed under Section 1362 of the Internal Revenue Code, which provides that in lieu of corporate income taxes, the Stockholders are taxed on the Company's taxable income.

Plan B Investments, Inc.
Notes to Financial Statements
December 31, 2006

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

Therefore, no provision or liability for Federal Income Taxes is included in these financial statements. The State of California has similar regulations, although there exists a provision for a minimum Franchise Tax and a tax rate of 1.5% over the minimum Franchise Fee of \$800.

The Company has elected to report the statement of changes in stockholders' equity without disclosing the accumulated adjustment account and other equity accounts pertinent to an S Corporation. There is no financial impact to these financial statements.

Note 2: FURNITURE AND EQUIPMENT, NET

Furniture & equipment are recorded at cost and summarized by major classifications as follows:

		<u>Depreciable Life Years</u>
Furniture & fixtures	\$ 5,667	5
Equipment	<u>5,000</u>	5
Subtotal	10,667	
Less: accumulated depreciation	<u>(5,368)</u>	
Furniture & equipment, net	<u><u>\$ 5,299</u></u>	

Depreciation expense from inception to December 31, 2006, was \$5,368.

Note 3: INCOME TAXES

As discussed in the Summary of Significant Accounting Policies (Note 1), the Company has elected the S Corporate tax status, therefore no federal income tax provision is provided. The tax provision of \$800 is the California franchise tax.

Note 4: COMMITMENTS AND CONTINGENCIES

Commitments

The Company entered into a lease agreement for office space on September 6, 2006. The agreement commenced on October 1, 2006, and expires September 30, 2009. The agreement stipulates an yearly increase every January of a maximum of 5%.

Plan B Investments, Inc.
Notes to Financial Statements
December 31, 2006

Note 4: COMMITMENTS AND CONTINGENCIES
(Continued)

Future minimum lease payments under the lease are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2007	\$ 26,604
2008	27,934
2009	21,998
2010 & thereafter	—
Total	<u>\$ 76,536</u>

Total rent expense from inception to December 31, 2006, was \$14,587.

Note 5: CONCENTRATIONS OF CREDIT RISK

The Company is engaged in various trading and brokerage activities in which 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 on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

Note 6: 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. 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

Plan B Investments, Inc.
Notes to Financial Statements
December 31, 2006

Note 6: RECENTLY ISSUED ACCOUNTING STANDARDS
(Continued)

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.

Note 7: NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 8 to 1. Net capital and aggregate indebtedness change day to day, but on December 31, 2006, the Company had net capital of \$21,982, which was \$16,982 in excess of its required net capital of \$5,000; and the Company’s ratio of aggregate indebtedness (\$1,242) to net capital was 0.06 to 1, which is less than the 8 to 1 maximum ratio allowed for a first year broker/dealer.

Plan B Investments, Inc.
Notes to Financial Statements
December 31, 2006

Note 8: RECONCILIATION OF AUDITED NET CAPITAL TO UNAUDITED FOCUS

There is a \$1,629 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 \$ 23,611

Adjustments:

Retained earnings	\$ (4,543)	
Non-allowance assets	<u>2,914</u>	
Total adjustments		<u>(1,629)</u>
Net capital per audited statements		<u>\$ 21,982</u>

Plan B Investments, Inc.
Schedule I - Computation of Net Capital Requirements
Pursuant to Rule 15c3-1
As of December 31, 2006

Computation of net capital

Stockholder's equity

Common stock	\$ 25,000	
Retained earnings	<u>4,610</u>	
Total stockholder's equity		\$ 29,610

Less: Non-allowable assets

Accounts receivable	(218)	
Furniture and equipment, net	(5,299)	
Deposit	<u>(2,111)</u>	
Total adjustments		<u>(7,628)</u>

Net capital **21,982**

Computation of net capital requirements

Minimum net capital requirements		
12 1/2 percent of net aggregate indebtedness	\$ 155	
Minimum dollar net capital required	\$ 5,000	
Net capital required (greater of above)		<u>5,000</u>

Excess net capital **\$ 16,982**

Ratio of aggregate indebtedness to net capital 0.06: 1

There was a \$1,629 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 8.

See independent auditor's report.

Plan B Investments, Inc.
Schedule II - Computation for Determination of Reserve
Requirements Pursuant to Rule 15c3-3
As of December 31, 2006

A computation of reserve requirements is not applicable to Plan B Investments, Inc. as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(i).

See independent auditor's report.

Plan B Investments, Inc.
Schedule III - Information Relating to Possession or Control
Requirements Pursuant to Rule 15c3-3
As of December 31, 2006

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

See independent auditor's report.

Plan B Investments, Inc.
Supplementary Accountant's Report
on Internal Accounting Control
Report Pursuant to 17a-5
For the Period from Inception to December 31, 2006

BREARD & ASSOCIATES, INC.
Certified Public Accountants

Board of Directors
Plan B Investments, Inc.:

In planning and performing our audit of the financial statements of Plan B Investments, Inc. (the Company), as of and for the period from inception to 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 a remote likelihood that a misstatement of the entity's financial statements that is more than that inconsequential will not be prevented or detected by the entity's internal control.

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

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

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities 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
March 8, 2007

END