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

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

SEC FILE NUMBER
8-09952

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, 2009 ENDING December 31, 2009

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Fagenson & Co., Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

60 Broad Street
(No. and Street)

New York (City) N.Y. (State) 10004 (Zip Code)

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

Blanche LaLima 212-422-1993
(Area Code – Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Lilling & Company LLP
(Name – if individual, state last, first, middle name)

10 Cutter Mill Road (Address) Great Neck (City) NY (State) 11021 (Zip Code)

CHECK ONE
- [x] 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 exemption. See section 240,17a-5(e)(2).*

contained in this form are not required to respond unless the form displays a currently valid OMB control number

OATH OR AFFIRMATION

I, Robert B. Fagenson swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of

Fagenson & Co., Inc., as of

December 31, 2009, 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

PRESIDENT

Title

Notary Public

PHILIP B. PIGNATO
NOTARY PUBLIC, State of New York
Commission Expires July 23, 2010

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

- [x] (a) Facing Page
- [x] (b) Statement of Financial Condition.
- [x] (c) Statement of Income (Loss)
- [x] (d) Statement of Cash Flows.
- [x] (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- [x] (f) Statement of Changes in Liabilities Subordinated to Claims of General Creditors.
- [x] (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.
- [x] (l) An Oath or Affirmation.
- [x] (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.
- [x] (o) A report on internal control.

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

FAGENSON & CO., INC.

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

REPORT ON INTERNAL CONTROL

REPORT ON SIPC ASSESSMENTS

DECEMBER 31, 2009

Lilling & Company LLP

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fagenson & Co., Inc.
New York, New York

We have audited the accompanying statement of financial condition of Fagenson & Co., Inc. as of December 31, 2009, and the related statements of operations, changes in liabilities subordinated to the claims of general creditors, changes in stockholders' equity 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. 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 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 financial statements, 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 Fagenson & Co., Inc. at December 31, 2009, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule 1 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. This schedule is the responsibility of the Company's management. 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.

Lilling & Company

CERTIFIED PUBLIC ACCOUNTANTS
Great Neck, New York

February 19, 2010

Ten Cutter Mill Road, Great Neck, NY 11021-3201 • (516) 829-1099 • Fax (516) 829-1065

FAGENSON & CO., INC

STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2009

ASSETS	
Cash and cash equivalents	$ 344,516
Securities owned, at market value	12,525,746
Other investments	270,178
Due from broker dealers and clearing organizations	301,159
Office equipment, at cost, less accumulated depreciation of $60,131	11,616
Other assets	105,607
	$ 13,558,822
LIABILITIES AND STOCKHOLDERS' EQUITY	
Liabilities	
Payable to broker dealers and clearing organizations	$ 4,863,324
Accrued expenses and other liabilities	864,495
	5,727,819
Subordinated borrowings	3,750,000
	9,477,819
Stockholders' equity	
Common stock, $100 par value; 3,000 shares authorized, 500 shares outstanding	50,000
Paid-in-capital	20,419
Retained earnings	4,010,584
	4,081,003
	$ 13,558,822

See notes to financial statements

FAGENSON & CO., INC

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2009

REVENUES	
Commissions	$ 4,448,793
Principal transactions	4,878,851
Other income	237,779
	9,565,423
EXPENSES	
Salaries and payroll costs	3,436,461
Floor brokerage expense	1,332,891
Commissions and clearing expense	2,445,580
Communications	699,285
Occupancy costs	781,253
Professional fees	387,658
Operating expenses	832,697
	9,915,825
LOSS BEFORE INCOME TAXES	(350,402)
DEFERRED INCOME TAXES	1,549,683
NET LOSS	$ (1,900,085)

See notes to financial statements

FAGENSON & CO., INC

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2009

Cash flows from operating activities	
Net loss	$ (1,900,085)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Deferred income taxes	1,549,683
Depreciation	7,744
Loss on disposal of property	16,602
(Increase) decrease in assets:	
Securities owned	(4,407,350)
Other investments	22,189
Receivable from customers	3,793,569
Due from broker dealers and clearing organizations	2,382,551
Other assets	1,006,001
Increase (decrease) in liabilities:	
Payable to broker dealers and clearing organizations	4,863,324
Payable to customers	(1,204,685)
Payable to non-customers	(5,148,815)
Accrued expenses and other liabilities	(607,940)
Total adjustments	2,272,873
Net cash provided by operating activities	372,788
Cash flows from financing activities	
Bank loan payment	(10,000)
Subordinated loan payment	(250,000)
Net cash used in financing activities	(260,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	112,788
CASH AND CASH EQUIVALENTS - BEGINNING	231,728
CASH AND CASH EQUIVALENTS - END	$ 344,516

Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Interest expense	$ 176,467
Income taxes	$ -

See notes to financial statements

FAGENSON & CO., INC

STATEMENT OF CHANGES IN MEMBERS' EQUITY
YEAR ENDED DECEMBER 31, 2009

	COMMON STOCK	PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
Balance - beginning	$ 50,000	$ 20,419	$ 5,910,669	$ 5,981,088
Net loss			(1,900,085)	(1,900,085)
Balance - end	$ 50,000	$ 20,419	$ 4,010,584	$ 4,081,003

See notes to financial statements

FAGENSON & CO., INC.

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO TO THE CLAIMS OF GENERAL CREDITORS YEAR ENDED DECEMBER 31, 2009

Balance - beginning	$ 4,000,000
Increase:	
Secured demand collateral agreements	-
Decrease:	
Payment of secured demand collateral agreements	(250,000)
Balance - end	$ 3,750,000

See notes to financial statements

1. ORGANIZATION AND NATURE OF BUSINESS

Fagenson & Co., Inc. (the "Company") is a broker-dealer registered with the Financial Industry Regulatory Authority (FINRA) and the Securities and Exchange Commission (SEC) that clears its securities transactions on a fully disclosed basis with Ridge Clearing & Outsourcing Solutions, Inc. The Company primarily services institutional and retail accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued FASB Statement No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*, effective for periods ending after September 15, 2009. This Statement establishes the FASB Accounting Standards Codification ("ASC") as the single source of authoritative United States generally accepted accounting and reporting standards for nongovernmental entities, in addition to guidance issued by the SEC and these financial statements are referenced accordingly.

Securities Transactions and Commissions

Securities transactions are recorded on a trade date basis. Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

Securities owned and securities sold, not yet purchased are recorded at current market value. Securities, not readily marketable are valued at current market value or at fair value as determined by management.

Significant Credit Risk and Estimates

The Company's clearing and execution agreement provides that its clearing firm Ridge Clearing & Outsourcing Solutions, Inc.'s credit losses relating to unsecured margin accounts receivable of the Company's customers are charged back to the Company.

In accordance with industry practice, Ridge Clearing & Outsourcing Solutions, Inc. records customer transactions on a settlement date basis, which is generally three business days after the trade date. Ridge Clearing & Outsourcing Solutions, Inc. is therefore exposed to risk of loss on these transactions in the event of the customer's inability to meet the terms of its contracts, in which case Ridge Clearing & Outsourcing Solutions, Inc. may have to purchase or sell the underlying financial instruments at prevailing market prices in order to satisfy its customer-related obligations. Any loss incurred by Ridge Clearing & Outsourcing Solutions, Inc. is charged back to the Company.

The Company, in conjunction with Ridge Clearing & Outsourcing Solutions, Inc. controls off-balance-sheet risk by monitoring the market value and marking securities to market on a daily basis and by requiring adjustments of collateral levels. Ridge Clearing & Outsourcing Solutions, Inc. establishes margin requirements and overall credit limits for such activities and monitors compliance with the applicable limits and industry regulations on a daily basis.

The Company is located in New York City, New York and its customers are located throughout the United States.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management of the Company to use estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents and amounts due from broker dealers. The Company maintains cash and money market balances with commercial banks and other major institutions. At times, such amounts exceeded Federal Deposit Insurance Corporation limits.

Securities Owned

Securities owned consist principally of various municipal securities.

Office Equipment

Office equipment is carried at cost less accumulated depreciation. Depreciation is recorded on a straight-line basis the estimated useful lives of assets.

Income Taxes

Deferred income tax assets and liabilities arise from operating loss carry forwards, other carry forwards and temporary differences between the tax basis of an asset or liability and its reported amount in the financial statements. In addition to future tax benefits from carry forwards, deferred tax balances are determined by applying the enacted tax rate to future periods for differences between the financial statement carrying amount and the tax basis of existing assets and liabilities.

In accordance with ASC 740, Income Taxes, the Company is required to disclose unrecognized tax benefits resulting from uncertain tax positions. At December 31, 2009, the Company did not have any unrecognized tax benefits or liabilities. The Company operates in the United States and in state and local jurisdictions, and the previous three years remain subject to examination by tax authorities. There are presently no ongoing income tax examinations.

Valuation of Investments

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1- inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2- inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3- are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)

3. FAIR VALUE MEASUREMENT

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2009:

	Level 1	Level 2	Level 3	Total
Assets				
Investments in municipal Bonds, at fair value	$ 11,043,808	$ -	$ -	$11,043,808
Investments in securities, at fair value	386,864	-	-	386,864
Total	$ 11,430,672	$ -	$ -	$11,430,672

4. COMMITMENTS AND CONTINGENCIES

Lease

The Company leases office space in New York City. The lease for the office expires March 31, 2010. Minimum future rental payments for 2010 are approximately $189,000. Rent expense for the year ended December 31, 2009 was approximately $781,000.

5. COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-3

The Company is exempt for the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 pursuant to Paragraph (k)(2)(ii). As an introducing broker, the Company clears customer transactions on a fully disclosed basis with Ridge Clearing & Outsourcing Solutions, Inc. and promptly transmits all customer funds and securities to Ridge. Ridge Clearing & Outsourcing Solutions, Inc. carries all of the accounts of such customers and maintains and preserves such books and records.

6. SUBORDINATED BORROWINGS

The borrowings under a subordinated agreement at December 31, 2009, are as follows:

Subordinated Note, 1.5% due September 30, 2011	$3,000,000
Subordinated Note, 4.8% due January 19, 2010	750,000
	$3,750,000

The subordinated borrowing's are available in computing net capital under the Securities and Exchange Commission's uniform net capital rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid. As this liability carries a market rate of interest, the carrying amount is a reasonable estimate of fair value.

7. INCOME TAXES

There is no current provision for corporate income taxes for the year ended December 31, 2009, as the Company generated a net loss for income tax purposes. At December 31, 2009, the Company had available for federal income tax purposes net operating loss carry-forwards of approximately $3,600,000 that expire through 2029. A valuation allowance of 100% of this amount has been recognized due to the determination by the Company that it was uncertain whether the deferred tax assets would ultimately be realized.

8. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c-3-1), 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 (and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2009, the Company had net capital of $6,111,125, which was $5,861,125 in excess of its required net capital of $250,000. The Company had a percentage of aggregate indebtedness to net capital of 14% as of December 31, 2009.

9. SUBSEQUENT EVENTS

In preparing the accompanying financial statements, the Company has reviewed events that have occurred after December 31, 2009, through the date of issuance of these financial statements on February 19, 2010. During this period, the Company did not have any material subsequent events that are required to be disclosed in the financial statements.

SUPPLEMENTARY INFORMATION
PURSUANT TO RULE 17a-5 OF THE
SECURITIES EXCHANGE ACT OF 1934

AS OF DECEMBER 31, 2009

FAGENSON & CO., INC **Schedule 1**

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2009

NET CAPITAL	
Total stockholder's equity	$ 4,081,003
Add: Liabilities subordinated to claims of general creditors allowable in computation of net capital	3,750,000
	7,831,003
Deductions and/or charges:	
Non-allowable assets from statement of financial condition:	
Securities owned, restricted	270,178
Other assets	11,616
Other deductions and/or charges	258,132
	539,926
Net capital before undue concentration and haircuts on securities positions	7,291,077
Haircuts and undue concentration	
State and muncipal bond obligations	740,797
Stocks and warrants	58,030
Other securities	96,751
Undue concentrations	284,374
	1,179,952
NET CAPITAL	$ 6,111,125
AGGREGATE INDEBTEDNESS	
Accrued expenses and other liabilities	$ 864,495
PERCENTAGE OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	14%
MINIMUM NET CAPITAL REQUIRED	$ 250,000
EXCESS OF NET CAPITAL OVER MINIMUM REQUIREMENTS	$ 5,861,125

Statement Pursuant to Paragraph (d) (4) of Rule 17a-5

There were no material differences between the computation of net capital above and the Company's computation included in Part II of Form X-17A-5, as of December 31, 2009.

See independent auditor's report

Lilling & Company LLP

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5(g)(1)

To the Board of Directors
Fagenson & Co., Inc.
New York, New York

In planning and performing our audit of the financial statements and supplemental schedules of Fagenson & Co., Inc. (the Company), as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States, 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 and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c-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 the quarterly securities examinations, counts, verifications, and comparisons, and the 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 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.

Ten Cutter Mill Road, Great Neck, NY 11021-3201 • (516) 829-1099 • Fax (516) 829-1065