

Fagenson & Co., Inc.
Statement of Financial Condition
June 30, 2009
Unaudited

Notes to Statement of Financial Condition

Assets	
Cash.....	\$ 145,378
Cash segregated under federal regulations.....	50,000
Receivable from brokers, dealers and clearing organizations.....	3,600,858
Marketable securities owned, at market value...	5,099,450
Fixed assets, at cost less accumulated depreciation and amortization of \$ 59,337.....	12,910
Other investments.....	268,367
Other assets.....	<u>1,824,484</u>
Total Assets.....	<u>\$ 11,001,447</u>

Liabilities and Stockholders' Equity

Payable to brokers, dealers and clearing organizations.....	\$ 396,036
Accounts payable, accrued expenses and other liabilities.....	777,196
Commitments and Contingent Liabilities	
Subordinated borrowings.....	<u>3,750,000</u>
Total Liabilities.....	<u>\$ 4,923,231</u>
Stockholders' Equity	
Capital Stock	50,000
Paid-in Capital.....	20,419
Retained earnings.....	<u>6,007,797</u>
Total Stockholders' Equity.....	<u>6,078,216</u>
Total Liabilities and Stockholders' Equity..	<u>\$ 11,001,447</u>

The accompanying notes are an integral part of this financial statement

1. Significant Accounting Policies:
Proprietary securities transactions in regular-way trades are recorded on trade date, as if they had settled. Profit and loss arising from all securities transactions entered for the account and risk of the Company are recorded on trade date. Customers' securities and options transactions are reported on a settlement date basis, which are generally three business days after trade date. Related commission income and expenses, immaterial to this statement, are reported on a settlement date basis.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the statement of financial condition.

Marketable securities for investments are valued at market value and securities and other investments not readily marketable are valued at fair value as determined by management. The resulting difference between cost and market (or fair value) is included in income.

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

Deferred income tax assets and liabilities arise from operating loss carryforwards, other carryforwards and temporary differences between the tax basis of an asset or liability and its reported amount in the financial statements. In addition to future benefits from carryforwards, 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.

Property and equipment are stated at cost. Depreciation of property and equipment is recorded on a straight-line basis using estimated useful lives of the related property and equipment. Nominal capital expenditures for office equipment are expensed when purchased.

The preparation of the 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 reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The company considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents.

2. Cash & Securities Segregated under Federal and Other Regulations:
Cash of \$50,000 has been segregated in a special reserve bank account for the benefit of customers under rule 15c3-3 of the Securities and Exchange Commission..

3. Receivable From and Payable to Broker-Dealers and Clearing Organizations:
Amounts receivable from and payable to broker-dealers and clearing organizations at June 30, 2009 consist of the following:

	<u>Receivable</u>	<u>Payable</u>
Receivable from/payable to clearing brokers and organizations	<u>3,600,858</u>	<u>396,036</u>
	<u>3,600,858</u>	<u>396,036</u>

The Company clears all of its proprietary and customer transactions through another broker-dealer on a fully disclosed basis.

4. Securities Owned and Sold, Not Yet Purchased:
Marketable securities owned consist of investment securities at quoted market values, as illustrated below.

	<u>Owned</u>	<u>Sold Not Yet Purchased</u>
Corporate equities	400,204	-0-
Municipals	1,715,609	-0-
Money Funds	<u>2,983,637</u>	-0-
	<u>5,099,450</u>	<u>-0-</u>

5. Subordinated Borrowings:
The borrowings under a subordination agreement at June 30, 2009, are as follows:

Subordinated Note, 1.5%, due September 30, 2009	\$3,000,000
Subordinated Note, 4.8%, due January 19, 2010	\$ 750,000

The subordinated borrowings 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, carrying the amount is a reasonable estimate of fair value.

6. Financial Instruments and Concentration of Credit Risk:
Statement of Financial Accounting Standards No 105 (SFAS 105) establishes requirements to disclose information about financial instruments with off-balance-sheet risk and to disclose information about concentrations of credit risk for all financial instruments. Credit risk, as defined by SFAS 105, represents the maximum potential loss the Company faced due to possible non-performance by obligors and counter-parties of the terms of their contracts. Market risk represents the potential loss the Company faces due to the decrease in the value of an off-balance-sheet financial instrument caused primarily by changes in interest rates.

In the normal course of business, the Company's customer and correspondent clearance activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

The Company's customer securities activities are transacted on either a cash or margin basis. In margin transactions, the Company extends credit to its customers, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the customer's accounts. In connection with these activities, the Company executes and clears customer transactions involving the sale of securities not yet purchased, substantially all of which are transacted on a margin basis subject to individual exchange regulations. Such transactions may expose the Company to significant off-balance-sheet risk in the event margin requirements are not sufficient to fully cover losses that customers may incur. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customer's obligations.

In accordance with industry practice, the Company records customer transaction on a settlement date basis, which is generally three business days after the trade date. The Company is therefore exposed to risk of loss on these transactions in the event of the customers' inability to meet the terms of their contracts, in which case the Company may have to purchase or sell financial instruments at prevailing market prices. Settlement of these transactions did not have a material effect upon the Company's Statement of Financial Condition.

The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily and, pursuant to such guidelines, requires the customer to deposit additional collateral, or to reduce positions, when necessary.

The Company's customer financing and securities settlement activities require the Company to pledge customer securities as collateral in support of various secured financing sources such as bank loans and securities loaned. In the event the counterparty is unable to meet its contractual obligation to return customer securities pledged as collateral, the Company may be exposed to the risk of acquiring the securities at the prevailing market prices in order to satisfy its customer obligations. The Company controls this risk by monitoring the market value of securities pledged on a daily basis and by requiring adjustments of collateral levels in the event of excess market exposure. In addition, the Company establishes credit limits for such activities and monitors compliance on a daily basis.

The Company is engaged in various trading and brokerage activities whose counter-parties consist of registered broker-dealers, banks, and other financial institutions transacting business on a fully disclosed or omnibus basis. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party with which it conducts business.

7. Commitments and Contingent Liabilities:
In 2001 the Company signed a new ten-year non-cancelable operating lease for office space, expiring March 31, 2010. The minimum annual aggregate lease payments (excluding expense and escalation clauses) are as follows:

2009	377,505
2010	<u>188,751</u>
	<u>\$566,256</u>

The lease contains additional rent clauses for real estate taxes and certain operating costs incurred by the landlord.

The Company has commitments under sub-tenant agreements for approximately thirty eight percent (38%) of the above rentals.

8. Capital Stock:

The authorized, issued, and outstanding shares of capital stock at June 30, 2009 were as follows:

Common stock, \$100 par value; authorized 3,000 shares, issued and outstanding 500 shares.

9. Net Capital Requirements:

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. The Company has elected to use the alternative method permitted by the rule, which requires that the Company maintain minimum net capital, as defined, equal to the greater of \$ 250,000 or 2 percent of aggregate debit balances arising from customer transactions as defined. At June 30, 2009 the Company had net capital of \$7,423,280, which was \$7,173,280 in excess of, required net capital.

10. Annual Report:

The most recent annual audit of Fagenson & Co., Inc., pursuant to Rule 17a-5, is available for examination at its office at 60 Broad Street, New York, NY 10004 and Regional Office of the Securities and Exchange Commission, 3 World Financial Center, New York, NY 10281.

Board of Directors
Fagenson & Co., Inc.

Fagenson & Co., Inc.

Unaudited Statement of Financial Condition June 30, 2009

Members
New York Stock Exchange, Inc.
Associate Members
American Stock Exchange, Inc.

Fagenson & Co., Inc
60 Broad Street
New York, N.Y. 10004
(212) 422-1993



Coverage to \$500,000.00



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