



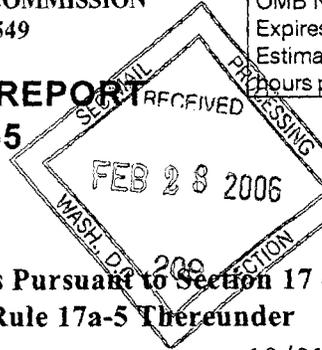
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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



SEC FILE NUMBER  
8-16402

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/05 AND ENDING 12/31/2005  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Pruco Securities, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
751 Broad Street

OFFICIAL USE ONLY  
FIRM I.D. NO.

Newark (City) NJ (No. and Street) (State) 07102-3777 (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT Bernard Russo 973-367-3086  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

PricewaterhouseCoopers LLP

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

300 Madison Avenue, New York (Address) NY (City) (State) 10017 (Zip Code)

**CHECK ONE:**

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

PROCESSED

APR 11 2006

THOMSON  
FINANCIAL

**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)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Bernard Russo, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Pruco Securities, LLC, as of December 31, 2005, 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:

\_\_\_\_\_  
\_\_\_\_\_

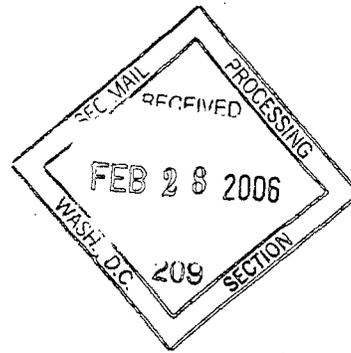
Bernard Russo  
Signature  
Chief Financial Officer and Controller  
Title

MARIA M. GONZALEZ-DIAZ  
NOTARY PUBLIC OF NEW JERSEY  
I.D. # 2167622  
EXPIRES 04/26/2010

Maria M. Gonzalez-Diaz  
Notary Public

- This report \*\* contains (check all applicable boxes):
- (a) Facing Page.
  - (b) Statement of Financial Condition.
  - (c) Statement of Income (Loss).
  - (d) Statement of Changes in Financial Condition.
  - (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 15c3-1 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).



**Pruco Securities, LLC**

Statement of Financial Condition  
As of December 31, 2005

SEC. I. D. No. 8-16402  
This report is deemed PUBLIC in accordance with  
Rule 17a-5(e)(3) under the Securities Exchange Act of 1934.

**Report of Independent Auditors**

To the Board of Managers  
And Member of  
Pruco Securities, LLC:

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of Pruco Securities, LLC (the "Company") at December 31, 2005, in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Company is a member of a group of affiliated companies and, as disclosed in Note 4 to the statement of financial condition, has extensive transactions and relationships with members of the group. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.



February 23, 2006

**Pruco Securities, LLC**  
**Statement of Financial Condition**  
**December 31, 2005**  
*(Dollars in Thousands)*

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<b>Assets</b>	
Cash and cash equivalents	\$ 27,907
Cash segregated	38
Receivables from brokers and dealers	2,242
Due from affiliates	14,754
Prepaid expenses and other assets	1,015
Securities owned, at market value	210
<b>Total Assets</b>	<b>\$ 46,166</b>

**Liabilities and Member's Equity**

<b>Liabilities:</b>	
Due to affiliates	\$ 20,702
Current federal income taxes payable to Parent	5,923
Accounts payable, accrued expenses and other liabilities	2,788
Securities sold, not yet purchased, at market value	50
<b>Total Liabilities</b>	<b>29,463</b>
Commitments and contingent liabilities (Note 6)	
<b>Member's Equity</b>	<b>16,703</b>
<b>Total Liabilities and Member's Equity</b>	<b>\$ 46,166</b>

See notes to statement of financial condition.

**Pruco Securities, LLC**  
**Notes to Statement of Financial Condition**  
**December 31, 2005**  
*(Dollars in Thousands)*

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**1. Organization and Nature of Business**

Pruco Securities, LLC (the "Company") is a wholly-owned subsidiary of The Prudential Insurance Company of America which is a subsidiary of Prudential Financial, Inc. ("Prudential"). The Company is a registered broker-dealer subject to the rules and regulations of the Securities and Exchange Commission ("SEC") and is a member of the National Association of Securities Dealers, Inc. ("NASD"). The Company is also registered with the SEC as an investment advisor and conducts such business under the name Prudential Financial Planning Services ("PFPS"). PFPS planners provide financial planning services to clients.

The Company acts as a general securities broker and offers to its customers various investment products including mutual funds, equity and fixed income securities, 529 education savings plans, variable life insurance and variable annuity contracts. The Company introduces and clears its general securities trading activity on a fully disclosed basis through First Clearing, LLC ("First Clearing"), an affiliate of Wachovia Securities, LLC.

As more fully described in note 4, the Company has various agreements with Prudential companies and First Clearing relating to reimbursement of expenses, including services of officers, the use of telecommunications, office space, systems and equipment, clearing and settlement services and custodial services. The accompanying statement of financial condition may not be indicative of the financial position of the Company if the Company had been operated as an unaffiliated entity.

**2. Summary of Significant Accounting Policies**

The preparation of the statement of financial condition in conformity with generally accepted accounting principles 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 statement of financial condition. Actual results could differ from those estimates.

Prudential issues stock-based compensation including stock options, restricted stock, restricted stock units and performance shares. The Company accounts for employee stock awards in accordance with the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", as amended, prospectively for all new awards granted to employees on or after January 1, 2003.

The Company's cash and cash equivalents consists of funds on deposit in a corporate account at a commercial bank, and shares of a money market mutual fund sponsored by a Prudential company. Money market mutual funds are stated at cost, which approximates market value. The Company also maintains a special reserve account at a commercial bank for the benefit of its customers. Cash of \$38 has been segregated in this account in accordance with an NASD Notice to Members relating to mutual fund breakpoint overcharges.

**Pruco Securities, LLC**  
**Notes to Statement of Financial Condition**  
**December 31, 2005**  
*(Dollars in Thousands)*

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Securities owned, and securities sold, not yet purchased, consist of inventory positions held in the Company's order error account, which are recorded at trade date and carried at market value based on quoted market prices.

**3. Income Taxes**

In accordance with federal and applicable state tax law, the Company is treated as a branch of its single member owner, The Prudential Insurance Company of America, (the "Parent"). The Parent is included in the consolidated federal income tax return of Prudential. Subsequent to the conversion to a limited liability company on January 1, 2004, the Company is generally not subject to state income taxes because the Company's single-member parent is an insurance company that generally pays state premium tax in lieu of state income tax.

Pursuant to the tax allocation agreement, federal income tax expense or benefit is determined on a separate company basis. Members with losses record current tax benefits to the extent such losses are recognized in the consolidated federal tax provisions. Deferred taxes are generally recognized when assets and liabilities have different values for financial statement and tax reporting purposes.

The Internal Revenue Service (the "Service") has completed all examinations of the consolidated federal income tax returns through 2001. The Service has begun its examination of 2002 and 2003. Management believes that close of the audit will not result in material financial statement adjustments for the Company.

**4. Related Party Transactions**

The Company has an arrangement with a Prudential company, Prudential Investment Management Services LLC ("PIMS"), whereby the Company receives income from the sale of mutual fund products and 529 education savings plans distributed by PIMS. The Company receives a concession generally ranging from .25% to 5.00% based on the specific mutual fund or 529 education savings plan being sold. Trail and service commissions range from .1% to 1.00% based upon the average daily asset balance in the mutual funds.

The Company has arrangements with Prudential companies whereby the Company receives commission income for the sale of variable life insurance and variable annuity contracts issued by Prudential companies.

The Company receives various services from Prudential companies which include services of officers, the use of telecommunications, office space, systems and equipment, custodial services, programmer and analyst services and mail operation services. The costs of these services are charged to the Company pursuant to service agreements with Prudential companies.

Pursuant to the terms of the clearing agreement between the Company and First Clearing, First Clearing is required to pay to the Company commissions and other amounts due, after deduction for all clearing and other charges, costs and expenses due to First Clearing.

**Pruco Securities, LLC**  
**Notes to Statement of Financial Condition**  
**December 31, 2005**  
*(Dollars in Thousands)*

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At December 31, 2005, the receivables from brokers and dealers and the due from and due to affiliates balances reported in the Statement of Financial Condition are primarily a result of the activities described above.

Cash and cash equivalents of \$27,907 includes \$27,771 which represents 27,770,973 shares of a Prudential money market mutual fund distributed by PIMS.

**5. Concentrations of Credit Risk**

As discussed in note 1, the Company clears its securities transactions through First Clearing on a fully disclosed basis. Pursuant to the terms of the agreement between the Company and First Clearing, First Clearing has the right to charge the Company for losses that result from a counterparty's failure to fulfill its contractual obligations. As the right to charge the Company has no maximum amount and applies to all trades executed through the clearing broker, the Company believes there is no maximum amount assignable to this right. At December 31, 2005, the Company has recorded no liability with regard to the right. During 2005, the Company did not pay any amounts related to these guarantees. The risk of default depends on the creditworthiness of the counterparty. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

**6. Commitments and Contingent Liabilities**

The Company is subject to legal and regulatory actions in the ordinary course of its business. Management of the Company, after consultation with its legal counsel, believes that the ultimate resolution of any pending litigation and regulatory matters should not have any material adverse effect on the Company's financial position.

**7. Net Capital Requirements**

The Company is subject to the Uniform Net Capital Rule (Rule 15c3-1), pursuant to the Securities Exchange Act of 1934, 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. At December 31, 2005, the Company had net capital of \$12,998 which was \$11,037 in excess of its required net capital of \$1,961. The Company's ratio of aggregate indebtedness to net capital was 2.26 to 1.

The Company is exempt from Rule 15c3-3 since it does not hold customer funds nor safekeep customer securities.