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

SEC FILE NUMBER
8-40213

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 1/1/05 AND ENDING 12/31/05
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER DEALER: AG BD LLC

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

245 Park Avenue - 26th Floor
(No. and Street)

New York
(City)

New York
(State)

10167
(Zip Code)

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

Joseph R. Wechselblatt

(212) 692-2296

(Area Code — Telephone No.)

PROCESSED
JUN 15 2006

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

New York

10017

(Address) (City) (State) (Zip Code)

CHECK ONE:

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

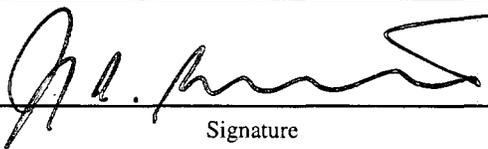
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

MSE 6/14

OATH OR AFFIRMATION

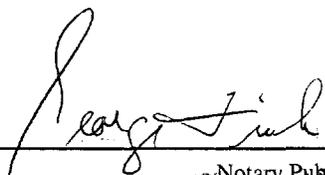
I, Joseph R. Wekselblatt, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AG BD LLC, as of December 31, 2005, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature

Joseph R. Wekselblatt
Chief Financial Officer

Title



Notary Public, State of New York
No. 01FI4987887
Qualified in Kings County
Commission Expires Oct. 21, 2007

GEORGE FINK
Notary Public, State of New York
No. 01FI4987887
Qualified in Kings County
Commission Expires Oct. 21, 2007

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Member'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).

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PricewaterhouseCoopers LLP
PricewaterhouseCoopers Center
300 Madison Avenue
New York NY 10017
Telephone (646) 471 3000
Facsimile (813) 286 6000

Report of Independent Auditors

To the Managing Member of
AG BD LLC

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of AG BD LLC (the "Company") at December 31, 2005, in conformity with accounting principles generally accepted in the United States of America. The statement of financial condition 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 financial 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 the Managing Member on behalf of the Company, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

February 22, 2006



AG BD LLC
Statement of Financial Condition
December 31, 2005

Assets	
Receivable from broker	\$ 1,409,657
Commissions receivable	63,154
Total assets	<u>\$ 1,472,811</u>
Liabilities and Member's Capital	
Payable to Managing Member	\$ 62,553
Payable to broker	11,931
Accrued expenses and other liabilities	17,200
Total liabilities	<u>91,684</u>
Member's capital	<u>1,381,127</u>
Total liabilities and member's capital	<u>\$ 1,472,811</u>

The accompanying notes are an integral part of this statement of financial condition.

AG BD LLC
Notes to Statement of Financial Condition
December 31, 2005

1. Organization

AG BD LLC (the "Company"), a Delaware limited liability company, commenced operations on January 1, 2004. The Company's managing member is Angelo, Gordon & Co., L.P. ("AG & Co."), a Delaware limited partnership, which transferred its brokerage operations to the Company, a new wholly-owned subsidiary of AG & Co. The Company is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and a member of the National Association of Securities Dealers, Inc. ("NASD"). The Company also executes transactions for customers on a fully disclosed basis through clearing brokers and is responsible for customer non-performance with regard thereto.

2. Significant Accounting Policies

Securities transactions and the related revenue and expenses are recorded on a trade-date basis. Commissions receivable and related expenses payable incurred on securities transactions are recorded on a trade-date basis.

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less when acquired. At December 31, 2005, the Company's cash and cash equivalents were held in the custody of its broker (the "Broker") and are included in the receivable from broker balance on the statement of financial condition.

The preparation of this financial statement 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 statement. Actual results could differ from those estimates.

Since the Company is wholly owned by its Managing Member, the Company will be a disregarded entity for US tax purposes. The Managing Member and the owners of the Managing Member will be responsible for paying any tax on the earnings of the Company. The Company does not believe it is subject to taxation by any municipal, state or federal government, and no provision for those income taxes has been made.

3. Receivable from Broker

Receivable from broker represents monies on deposit with the Broker. The Company is subject to credit risk should the Broker be unable to pay the balances. Interest is earned on credit balances maintained at the Broker.

4. Net Capital Requirement

As a registered broker-dealer and member of the National Association of Securities Dealers, Inc., the Company is subject to the Uniform Net Capital Rule (the "Rule") adopted and administered by the Securities and Exchange Commission. The Company has elected to compute its net capital under the alternative method of the Rule, which requires the maintenance of minimum net capital, as defined, equal to the greater of \$250,000 or 2% of aggregate debit items computed in accordance with the Formula for Determination of Reserve Requirements for Brokers and Dealers (Rule 15c3-3). At December 31, 2005, the Company had net capital of \$1,381,127 which exceeded the minimum requirement of \$250,000 by \$1,131,127.

5. Related Party Transactions

In accordance with the expense agreement, the Company pays for floor brokerage fees, audit, legal fees and other expenses directly related to its securities transactions, which may be advanced by, and reimbursed to, the Managing Member. As of December 31, 2005, the payable to Managing Member represents floor brokerage fees paid on behalf of the Company by the Managing Member.

In accordance with an Expense Agreement ("the Agreement"), dated January 1, 2004 between the Company and the Managing Member, the Managing Member does not fully allocate certain overhead expenses paid on behalf of the Company. For the year ended December 31, 2005, such expenses were approximately \$350,000.

6. Commitments and Contingencies

The Company clears all of its securities transactions through the Broker on a fully disclosed basis. Under certain circumstances, pursuant to the terms of the agreements between the Company and the Broker, the Broker 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 applicable trades executed through the Broker, the Company believes there is no maximum amount assignable to this right. At December 31, 2005 and during the year then ended, the Company had no liability and made no payments to the Broker related to these guarantees. In addition, the Company has the right to pursue collection or performance from the counterparties who do not perform under their contractual obligations. The Company monitors the credit standing of the Broker and all counterparties with which it conducts business.

In the normal course of business the Company enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company expects the risk of loss to be remote.