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UNITED STATES SECURITIES COMMISSION  
1 20549

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

(A)

SEC MAIL RECEIVED  
OCT 02 2007  
WASHINGTON, D.C.  
SECTION

SEC FILE NUMBER  
8-17349

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 July 1, 2007 AND ENDING JUNE 30, 2007  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Prudential American Securities Inc. OFFICIAL USE ONLY

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

Pasadena, CA (No. and Street) (City) (State) (Zip Code)  
91106

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Mark Batatian (626) 796-5831  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Henson & Company, CPA's, Inc.  
(Name - if individual, state last, first, middle name)

2045 Huntington Dr. Suite B S Pasadena CA 91030  
(Address) (City) (State) (Zip Code)

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

PROCESSED  
DEC 14 2007  
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)

TDA

**JURAT**

State of California

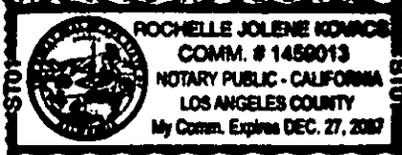
County of Los Angeles

Subscribed and sworn to (or affirmed) before me on

this Monday day of October 1, 2007,

by Mark M Batatian

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

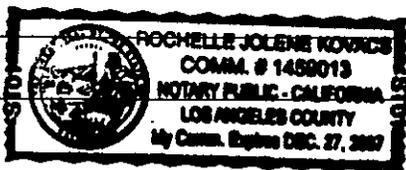


(seal)

Signature Rochelle Jolene Kovacs

OATH OR AFFIRMATION

I, MARK BATASIAN, swear or affirm that to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Prudential - American Securities, as of June 30, 2007, 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:



Mark Batasian  
Signature  
President  
Title

Rochelle JoLene Kovacs  
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 15c3-3 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).



Financial Industry Regulatory Authority

**Via Certified Mail: 7006 2150 0000 0157 3382**

September 14, 2007

Mark Batatian, President  
Prudential-American Securities, Inc.  
921 E. Green St.  
Pasadena, CA 91106

Dear Mr. Batatian:

This acknowledges receipt of your June 30, 2007 annual filing of audited financial statements made pursuant to U.S. Securities and Exchange Commission (SEC) Rule 17a-5(d) (the Rule). The report as submitted appears deficient in the following areas:

1. The filing did not contain an adequate reconciliation of net capital; and,
2. The auditor's Report describing Material Inadequacies made reference to a company other than Prudential-American Securities, Inc.

Based on the above, your filing does not comply with the requirement of the Rule. The text of the Rule is reproduced in the FINRA Manual under the section titled SEC Rules & regulation T. We urge you to review the Rule with your independent accountant.

Pursuant to the provisions of the NASD Rule 8210, we request that you send one copy of the items listed above to this office and to the appropriate SEC regional or district office, and two copies to the SEC Washington, D.C. office. Your submissions must include a new completed Form X-17A-5 Part III Facing Page, a copy of which is enclosed for your convenience.

Please respond to this matter by September 28, 2007. If you have questions, please contact Robert Lettice, Compliance Examiner, at (213) 613-2630.

Sincerely,

A handwritten signature in black ink, appearing to read "David Anderson". The signature is fluid and cursive.

David Anderson  
Supervisor

**PRUDENTIAL-AMERICAN SECURITIES, INC.  
RECONCILIATION OF NET CAPITAL**

**June 30, 2007**

Net capital per FOCUS report, Part II	\$ 281,122
Audit adjustment to accrue June salaries paid in July	<u>(34,568)</u>
Net Capital	<u>\$ 246,554</u>

See accompanying accountants' report

INDEPENDENT PUBLIC ACCOUNTANTS'

SUPPLEMENTARY REPORT

ON

INTERNAL ACCOUNTING CONTROL

**Henson & Company, CPA's, Inc.**  
2045 Huntington Drive, Suite B  
South Pasadena, CA 91030  
(626) 403-4410 Fax (626) 403-4411



Board of Directors  
Prudential-American Securities, Inc.

In planning and performing our audit of the consolidated financial statements and supplemental schedules of Prudential-American Securities, Inc. for the year ended June 30, 2007, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures of expressing our opinion on the consolidated financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g) (1) of the Securities and Exchange Commission, we have made a study of the practices and procedures followed by Prudential-American Securities, Inc. including 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 15c3-3. Because Prudential-American Securities, Inc. 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
2. Recordation of differences required by rule 17a-13
3. 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 a system of 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 the procedures are to provide

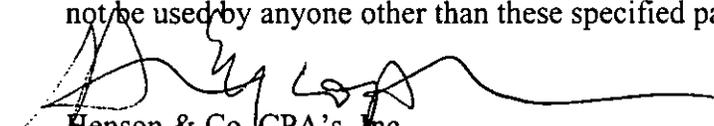
management with reasonable, but not absolute, assurances that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation 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.

Because of inherent limitations in any internal accounting control procedures or the practices and procedures referred to above, errors 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.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specified internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including 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 and 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 were adequate at June 30, 2007, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC 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.



Henson & Co, CPA's, Inc  
South Pasadena, California  
August 14, 2007

**END**