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

FEB 27 2008

SEC FILE NUMBER
8- 16402

Washington, DC  
110

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**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 Jan. 1, 2007 AND ENDING Dec. 31, 2007  
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  
(No. and Street)  
Newark NJ 07102-3777  
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Margaret Horn 973-802-5484  
(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 NY 10017  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

**PROCESSED  
MAR 19 2008**

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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)

SEC 1410 (08-02)

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# **Pruco Securities, LLC**

**Statements of Financial Condition  
As of December 31, 2007**

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.

**Pruco Securities, LLC**

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**December 31, 2007**

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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 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, 2007 in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the firm'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 statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition 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 25, 2008

**Pruco Securities, LLC**  
**Statement of Financial Condition**  
**December 31, 2007**

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*(Dollars in Thousands)*

**Assets**

Cash and cash equivalents	\$ 24,265
Cash segregated	1
Receivables from brokers and dealers	2,318
Due from affiliates	15,378
Prepaid expenses and other assets	1,338
Deferred taxes	568
Total assets	<u>\$ 43,868</u>

**Liabilities and Member's Equity**

Liabilities

Due to affiliates	\$ 23,387
Current federal income taxes payable to Parent	5,766
Accounts payable, accrued expenses and other liabilities	2,086
Securities sold and not yet purchased	5
Total liabilities	<u>31,244</u>

Commitments and contingent liabilities (Note 6)

Member's Equity

Contributed capital	1,500
Undistributed earnings	11,124
Total member's equity	<u>12,624</u>
Total liabilities and member's equity	<u>\$ 43,868</u>

See notes to statement of financial condition.

**Pruco Securities, LLC**  
**Notes to Statement of Financial Condition**  
**December 31, 2007**

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*(Dollars in Thousands)*

**1. Organization and Nature of Business**

Pruco Securities, LLC (the "Company"), with its principal offices in Newark, New Jersey, is a wholly-owned subsidiary of The Prudential Insurance Company of America ("PICA" or the "Parent"), a New Jersey corporation, which is a subsidiary of Prudential Financial, Inc. ("Prudential"), New Jersey corporation. 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 Financial Industry Regulatory Authority, Inc. ("FINRA," formerly National Association of Securities Dealers, Inc.). 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, of which Prudential owns a 38% joint venture interest as of December 31, 2007.

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 financial statements may not be indicative of the financial condition or the results of operations if the Company had been operated as an unaffiliated entity.

**2. Summary of Significant Accounting Policies**

The preparation of financial statements 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prudential issues stock-based compensation including stock options, restricted stock, restricted stock units and performance shares. Employee stock awards made on or after January 1, 2003 and before January 1, 2006 are accounted for in accordance with the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," as amended.

The Company's cash and cash equivalents consist 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 \$1 has been segregated in this account in accordance with a FINRA Notice to Members relating to mutual fund breakpoint overcharges.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and requires additional disclosures about fair value measurements. This Statement does not require any new fair value measurements, but the application of this Statement could change

**Pruco Securities, LLC**  
**Notes to Statement of Financial Condition**  
**December 31, 2007**

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*(Dollars in Thousands)*

current practices in determining fair value. The Company plans to adopt this guidance effective January 1, 2008. The adoption of this guidance will not have a material impact on the Company's financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - including an amendment of FASB Statement No. 115." This Statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007, although early adoption is permitted under certain circumstances. Companies shall report the effect of the first remeasurement to fair value as a cumulative-effect adjustment to the opening balance of retained earnings. The Company plans to adopt this guidance effective January 1, 2008. The adoption of this guidance will not have a material impact on the Company's financial statements.

**3. Income Taxes**

In accordance with federal and applicable state tax law, the Company is treated as a branch of its single member owner, PICA. PICA 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 Company has deferred tax assets of \$568 at December 31, 2007 related to accrued legal expenses.

On January 1, 2007, the Company adopted FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes," an Interpretation of FASB Statement No. 109. This Interpretation prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its financial statements uncertain tax positions that a company has taken or expects to take on a tax return. The Company does not have any unrecognized tax benefits at January 1 or December 31, 2007 and adoption of FIN No. 48 did not have a material effect on the Company's financial position.

In December 2006, the Internal Revenue Service (the "Service") completed all fieldwork with regards to its examination of the consolidated federal income tax returns for tax years 2002-2003. The final report was submitted to the Joint Committee on Taxation for their review in April 2007. In July 2007, the Joint Committee returned the report to the Service for additional review. The Company has responded to the Service's request for additional information. The IRS has indicated they are in the process of re-submitting tax years 2002 and 2003 to the Joint Committee however this has no bearing on the Company's financial position. The statute of limitations for the 2002-2003 tax years expires in 2009.

**Pruco Securities, LLC**  
**Notes to Statement of Financial Condition**  
**December 31, 2007**

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*(Dollars in Thousands)*

In January 2007, the Service began an examination of tax years 2004 through 2006. For tax year 2007, the Company participated in the Service's new Compliance Assurance Program (the "CAP"). Under CAP, the Service assigns an examination team to review completed transactions contemporaneously during the 2007 tax year in order to reach agreement with the Company on how they should be reported in the tax return. If disagreements arise, accelerated resolutions programs are available to resolve the disagreements in a timely manner before the tax return is filed. It is management's expectation this new program will significantly shorten the time period between the Company's filing of its federal income tax return and the Service's completion of its examination of the return.

**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 distributed by PIMS. The Company receives a concession generally ranging from .25% to 5.00% based on the specific mutual fund 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 from 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 from introduced customer accounts, after deduction for all clearing and other charges, costs and expenses due to First Clearing.

At December 31, 2007, 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 \$24,265 includes \$24,240 which represents 24,239,803 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, 2007, the Company has recorded no liability with regard to the right. During 2007, the Company did not pay any amounts related to these guarantees. The risk of default depends on the creditworthiness of the

**Pruco Securities, LLC**  
**Notes to Statement of Financial Condition**  
**December 31, 2007**

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*(Dollars in Thousands)*

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 statements.

**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, 2007, the Company had net capital of \$8,554, which was \$6,471 in excess of its required net capital of \$2,083. The Company's ratio of aggregate indebtedness to net capital was 3.65 to 1.

The Company is exempt from Rule 15c3-3 since it does not hold customer funds or safekeep customer securities. The Company introduces its customers' accounts and acts as a finder agent in the sale of general securities and mutual funds while operating under the exemption provided by Section (k)(2)(ii) of Rule 15c3-3.

**END**