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

SEC FILE NUMBER
8-42373

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 01/01/09 AND ENDING 12/31/09
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Mogavero, Lee & Co., Inc.

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

20 Broad Street, 14th Floor

New York

(No. and Street)

New York

10005

(City)

(State)

(Zip Code)

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

Alan Krim

(212) 688-8700

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Weiser LLP

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

3000 Marcus Avenue

Lake Success

NY

11042-1066

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

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Section

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MAR 01 2010

*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)

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OATH OR AFFIRMATION

I Doreen Mogavero, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Mogavero, Lee & Co., Inc., as of December 31, 2009, 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:

ELENA CORSO
Notary Public, State of New York
No 01006157404
QUALIFIED IN Richmond County
TERM EXPIRES DEC 11, 2010

Notary Public

Doreen Mogavero
Signature

President / CEO
Title

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 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.
- (o) Independent Auditors' Report on Internal Accounting Control.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Mogavero, Lee & Co., Inc.
Statement of Financial Condition
December 31, 2009

Assets

Cash and cash equivalents	\$	4,788
Securities owned, at market		502,332
Receivable from broker, dealer and clearing organization		184,093
Commissions receivable		1,902
Property and equipment, net of accumulated depreciation of \$74,139		3,615
Other assets		59,730

Total assets **\$ 756,460**

Liabilities and Stockholders' Equity

Liabilities

Notes payable	\$	70,000
Accrued expenses and other payables		49,604
Advances from stockholders		14,330

133,934

Subordinated liabilities

Subordinated loans		100,000
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Stockholders' equity

Common stock, no par value; 200 shares authorized, 13.158 shares issued and outstanding		46,500
Additional paid-in capital		310,300
Retained earnings		209,726

566,526

Notes receivable, stockholders		(44,000)
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522,526

Total liabilities and stockholders' equity **\$ 756,460**

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

1. Organization and Nature of Business

Mogavero, Lee & Co., Inc. (the "Company") is a broker-dealer registered with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority. The Company principally engages in executing transaction orders on the floor of the New York Stock Exchange on behalf of its clients.

2. Summary of Significant Accounting Policies

Securities Transactions

Securities transactions and related commission revenues and expenses are recorded on a trade date basis.

Cash Equivalents

The Company considers all money market accounts and all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on a straight line basis over the estimated useful lives of the related assets. The useful lives of the assets range from 3 to 5 years.

Use of Estimates

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

Income Taxes

The Company has elected to be treated as an S Corporation under the applicable provisions of the Internal Revenue Code. Accordingly, the Company is not subject to Federal income tax. The stockholders are required to report separately their distributive shares of the Company's income or loss to Federal tax authorities. In addition, the Company has elected S Corporation status for New York State tax purposes, and, accordingly, the Company pays New York State income tax at the minimum rate. New York City, however, does not recognize S Corporation status, and the Company is, therefore, taxed at regular corporation tax rates.

The Company uses the asset and liability method to calculate deferred tax assets and liabilities. Deferred taxes are recognized based on the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using enacted tax rates expected to apply to taxable income in the years in which those differences are expected to be recovered or settled. The Company records a valuation allowance against a deferred tax asset when it is more likely than not that the deferred tax asset will not be realized.

Mogavero, Lee & Co., Inc.
Notes to Financial Statement
December 31, 2009

3. Securities Owned, at Market

Securities owned, at market, consist of a short term dollar for dollar income fund.

4. Fair Value of Financial Instruments

The Company accounts for its financial instruments at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The Company maintains Level 1 securities as follows:

Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments are not applied to level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

The following are the major categories of assets and liabilities measured at fair value on a recurring basis and summarized by the fair value hierarchy as described above as of December 31, 2009.

<u>Description</u>	<u>Classification</u>	<u>Total</u>	<u>Level 1</u>
Short Term Income Fund	Asset	\$502,332	\$502,332

5. Receivable From Broker, Dealer and Clearing Organization

Receivable from broker, dealer and clearing organization arises as a result of the Company's normal securities transactions.

6. Bank Line of Credit

The Company has a credit line agreement with a bank, which provides for a loan facility up to \$150,000. Loans bear interest at prime plus 1.25% per annum, which was 4.5% at December 31, 2009, and are payable monthly. At December 31, 2009, the Company had \$70,000 outstanding.

The loan is secured by all assets, personal property and fixtures of the Company. In addition, the stockholders have personally guaranteed the loan.

The credit line is set to expire on June 8, 2010.

Mogavero, Lee & Co., Inc.
Notes to Financial Statement
December 31, 2009

7. Subordinated Borrowings

The borrowings under subordination agreements with stockholders at December 31, 2009 are as follows:

Cash subordination agreements:

<u>Maturity Date</u>	<u>Rate</u>	<u>Principal</u>
May 30, 2010	8% per annum	\$ 80,000
May 30, 2010	8% per annum	20,000
		<u>\$ 100,000</u>

Both borrowings are subject to automatic rollover provisions. Interest payable on these subordinated loans, were waived by the stockholders for the year ended December 31, 2009.

The cash 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.

8. Advances to Stockholders

Advances to stockholders are non interest bearing and due on demand.

9. Notes Receivable, Stockholders

The Company issued 3.158 shares of its no par value common stock for notes receivable amounting to \$44,000 as follows:

<u>Origination Date</u>	<u>Number of Shares</u>	<u>Principal</u>
January 1, 1995	2.500	\$ 19,000
April 25, 2002	.658	25,000
	<u>3.158</u>	<u>\$ 44,000</u>

The notes are non-interest bearing and due on demand.

10. Commission Sharing

The Company has commission sharing agreements with two broker dealers, whereby a percentage of commission income attributable to this arrangement is payable to that broker dealer for transactions directly generated by that broker dealer's introduction. The commission sharing agreement will be fully disclosed to all customers affected by the arrangement.

Mogavero, Lee & Co., Inc.
Notes to Financial Statement
December 31, 2009

11. Office Lease

On August 27, 2008, the Company entered into a second lease amendment with its landlord for new office space. Under the amendment, the operating lease for the new space expires on January 31, 2014. Future minimum annual rental payments are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2010	\$ 121,322
2011	124,745
2012	128,271
2013	131,903
2014	11,017
	<u>\$ 517,258</u>

The Company is also obligated to pay its proportionate share of the increase, if any, of annual real estate taxes over base real estate taxes.

12. Clearance Agreement

The Company operates principally under a clearance agreement with another broker whereby such broker assumes and maintains the Company's customer accounts. As part of this agreement, the Company is required to maintain cash or securities of not less than \$500,000. This deposit is included in securities owned, at market in the statement of financial condition.

13. Net Capital Requirements

The Company is subject to the uniform net capital requirements of rule 15c3-1 of the Securities and Exchange Commission, as amended, which requires a broker-dealer to have at all times sufficient liquid assets to cover current indebtedness. In accordance with the rule, the broker-dealer is required to maintain defined minimum net capital of the greater of \$5,000 or 1/15 of aggregate indebtedness. At no time may the ratio of aggregate indebtedness to net capital exceed 15 to 1.

At December 31, 2009, the Company had net capital, as defined, of \$512,587, which was \$503,658 in excess of its required net capital of \$8,929. At December 31, 2009, the Company had aggregate indebtedness of \$133,934. The ratio of aggregate indebtedness to net capital was .26 to 1.

14. Off-Balance-Sheet Risk

The Company, as an introducing broker, clears all transactions with and for customers on a fully disclosed basis with its clearing broker, who carries all of the accounts of such customers. The Company does not maintain margin accounts for its customers; therefore, there were no excess margin securities. However, the Company may be liable for chargebacks on introduced customer accounts carried by the clearing broker. In addition, the Company may be exposed to off-balance-sheet risk in the event the clearing broker is unable to fulfill its contractual obligations.

From time to time, the Company has cash at a bank in excess of FDIC insured limits and is exposed to the credit risk resulting from this concentration. At December 31, 2009, the Company's cash in bank did not exceed the insured limitations.

15. 401(k) Plan

The Company has a defined contribution plan under Section 401(k) of the Internal Revenue Code. The plan covers substantially all of its employees, and provides for participants to defer salary, up to statutory limitations. The Company is not required to make a matching contribution. For the year ended December 31, 2009, the Company made no contributions.

16. Subsequent Events

The Company has evaluated subsequent events through February 26, 2010, the date the financial statements were available for issuance.

The Company's Statement of Financial Condition as of December 31, 2009 is available for examination at the office of the Company and at the Regional Office of the Securities and Exchange Commission.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mogavero, Lee & Co., Inc.

We have audited the accompanying statement of financial condition of Mogavero, Lee & Co., Inc. (the "Company") as of December 31, 2009, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. 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 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Mogavero, Lee & Co., Inc. as of December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

Weiser LLP

Lake Success, N.Y.
February 26, 2010