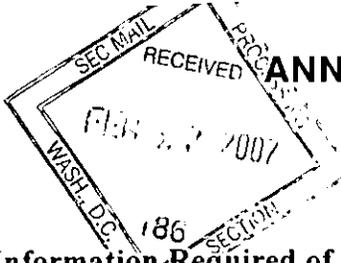




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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

(A)

SEC FILE NUMBER
8- 48389

**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 January 1, 2006 AND ENDING December 31, 2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Kempen & Co. U.S.A., Inc.

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

(No. and Street)

New York

(City)

New York

(State)

10017

(Zip Code)

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

Nils Geenen

212-376-0130

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Friedman LLP

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

100 Eagle Rock Avenue

(Address)

East Hanover

(City)

New Jersey

(State)

07936

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

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

PROCESSED

MAR 22 2007

MF

FOR OFFICIAL USE ONLY

**THOMSON
FINANCIAL**

*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.

KEMPEN & CO. U.S.A., INC.

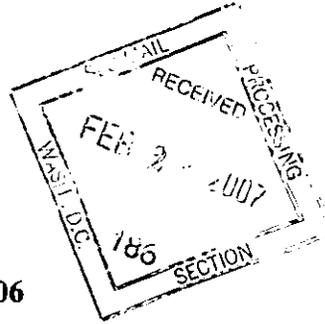
**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NO. 8-48389

YEAR ENDED DECEMBER 31, 2006

AND

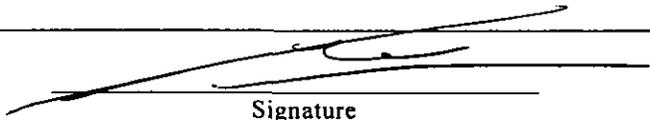
INDEPENDENT AUDITORS' REPORT



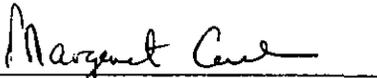
OATH OR AFFIRMATION

I, Nils Geenen, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kempen & Co. U.S.A., Inc., as of December 31, 2006, 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:

MARGARET CARLO
Notary Public, State of New York
No. 01CA4930286
Qualified in Bronx County
Commission Expires May 9, 2010


Signature

President
Title


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.
- (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).

KEMPEN & CO., USA, INC.

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FRIEDMAN LLP
ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Stockholder
Kempen & Co. U.S.A., Inc.

We have audited the accompanying statement of financial condition of Kempen & Co., U.S.A., Inc. as of December 31, 2006, and the related statements of income, changes in stockholder's equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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, 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 statements referred to above present fairly, in all material respects, the financial position of Kempen & Co. U.S.A., Inc. as of December 31, 2006 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Friedman LLP
February 20, 2007

KEMPEN & CO. U.S.A., INC.

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2006

ASSETS

Cash and cash equivalents	\$ 1,907,158
Due from Parent	2,233,528
Due from customer	735,525
Property and equipment - at cost, net	33,703
Other assets	93,459
Fail to deliver	16,328
	<hr/>
	\$ 5,019,701

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities

Fail to receive	\$ 735,525
Accounts payable, accrued expenses and other liabilities	291,959
Due to customer	16,328
Income taxes payable	28,104
	<hr/>
	1,071,916

Commitments

Stockholder's equity

Capital stock - \$.01 par value; authorized - 1,000 shares, issued and outstanding - 1,000 shares	10
Additional paid-in capital	763,979
Retained earnings	3,183,796
	<hr/>
	3,947,785
	<hr/>
	\$ 5,019,701

See notes to financial statements.

KEMPEN & CO. U.S.A., INC.
STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2006

Revenues	
Commissions	\$ 1,782,825
Other	348,646
	<hr/> 2,131,471 <hr/>
Expenses	
Compensation and benefits	1,395,661
Occupancy and equipment, net of sublease income	161,906
Communications	131,816
Professional fees	76,038
Depreciation and amortization	26,909
Other operating expenses	204,026
	<hr/> 1,996,356 <hr/>
Income before income taxes	135,115
Income taxes	23,641
Net income	<hr/> \$ 111,474 <hr/>

See notes to financial statements.

KEMPEN & CO. U.S.A., INC.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
YEAR ENDED DECEMBER 31, 2006

	Capital Stock at Par	Additional Paid-in Capital	Retained Earnings	Total Stockholder's Equity
Balance at January 1, 2006	\$ 10	\$ 763,979	\$ 3,072,322	\$ 3,836,311
Net income	--	--	111,474	111,474
Balance at December 31, 2006	\$ 10	\$ 763,979	\$ 3,183,796	\$ 3,947,785

See notes to financial statements.

KEMPEN & CO. U.S.A., INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2006

Cash flows from operating activities

Net income	\$ 111,474
Adjustments to reconcile net income to net cash used in operating activities	
Depreciation and amortization	26,909
Changes in assets and liabilities	
Due from Parent	(566,848)
Due from customer	3,114,784
Other assets	(56,310)
Fail to deliver	101,675
Fail to receive	(3,114,784)
Accounts payable, accrued expenses and other liabilities	24,659
Due to customer	(101,675)
Income taxes payable	(11,638)
Net cash used in operating activities	(471,754)

Cash flows from investing activities

Acquisition of property and equipment	(13,419)
---------------------------------------	----------

Net decrease in cash and cash equivalents	(485,173)
Cash and cash equivalents, beginning of year	2,392,331
Cash and cash equivalents, end of year	\$ 1,907,158

Supplemental cash flow disclosures

Interest paid	\$ --
Income taxes paid	35,237

See notes to financial statements.

KEMPEN & CO. U.S.A., INC.

NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Kempen & Co. U.S.A., Inc. (the "Company"), is a wholly-owned subsidiary of Kempen & Co. NV (the "Parent"). The Company is a securities broker-dealer and a member of the National Association of Securities Dealers, Inc. The Company acts as an agent for institutional customers in the purchase and sale of foreign securities. The Company executes all trades with its Parent and uses its Parent's facilities to clear such trades. Trades are settled on a delivery versus payment basis.

Use of Estimates

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.

Concentrations of Credit Risk for Cash

The Company maintains its cash balances at one financial institution. These balances are insured by the Federal Deposit Insurance Corporation up to \$100,000.

Cash and Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less and all money market accounts.

Depreciation and Amortization

Property and equipment are depreciated on a straight-line basis over their estimated useful lives. Leasehold improvements are amortized over the shorter of their estimated useful life or the length of the lease.

Commissions

Commission revenues are recorded on a trade date basis as securities transactions occur.

Income Taxes

The Company accounts for income taxes under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. In estimating future tax consequences, the Company generally considers all expected future events other than enactments of changes in the tax laws or rates.

KEMPEN & CO. U.S.A., INC.

NOTES TO FINANCIAL STATEMENTS

2 - PROPERTY AND EQUIPMENT, AT COST

Property and equipment consist of the following:

Office equipment	\$ 163,535
Furniture and fixtures	54,944
Leasehold improvements	53,260
	<hr/>
	271,739
Less: Accumulated depreciation and amortization	238,036
	<hr/>
	\$ 33,703

3 - RELATED PARTY TRANSACTIONS

Due from Parent primarily represents commissions due from the Parent. Commission revenues are allocated to the Company based upon various revenue-sharing arrangements with the Parent for commissions earned on the facilitation of customer trades. For the year ended December 31, 2006, such revenues totaled approximately \$2 million.

4 - INCOME TAXES

The Company provides for Federal and state income taxes in accordance with current rates applied to accounting income before income taxes. The provision for income taxes (benefit) is as follows:

Current – Federal	\$ 28,425
Current – State and City	(4,784)
	<hr/>
	\$ 23,641

5 - PROFIT-SHARING PLAN

The Company has a 401(k) plan, which covers substantially all of its full-time employees. The plan includes employee contributions and matching contributions by the Company subject to certain limitations. The aggregate contributions to the plan for the year ended December 31, 2006 were approximately \$79,000.

KEMPEN & CO. U.S.A., INC.

NOTES TO FINANCIAL STATEMENTS

6 - COMMITMENTS

The Company leases office space under a non-cancelable lease, which expires on June 30, 2010. Gross rent expense was \$236,811 for the year ended December 31, 2006. In addition to base rent on its office facilities, the Company is required to pay its proportionate share of real estate taxes and operating expenses. The Company sublets office space on a month to month basis to a subtenant totaling \$80,000 per annum.

The future minimum rental payments are as follows:

Year ending December 31,	
2007	\$ 235,849
2008	235,849
2009	235,849
2010	117,925
	\$ 825,472

7 - REGULATORY REQUIREMENTS

As a registered broker-dealer, the Company is subject to the net capital provisions of rule 15c3-1 of the Securities Exchange Act of 1934, which requires that the Company's aggregate indebtedness shall not exceed fifteen times net capital, as defined, under such provision. At December 31, 2006 the Company had net capital of \$1,587,095 which exceeded requirements by \$1,487,095. The ratio of aggregate indebtedness to net capital was .675 to 1.

8 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET CREDIT RISK

The Company is engaged in various brokerage activities whose counterparties are primarily institutions. In the normal course of business, the Company is involved in the execution and settlement of various securities transactions. These activities may expose the Company to off-balance sheet risk in the event that the counterparty is unable to fulfill its contracted obligations and the Company has to purchase or sell the security underlying the contract at a loss.

SUPPLEMENTARY INFORMATION

Pursuant to Rule 17a-5 of the Securities Exchange Act of 1934

As of December 31, 2006

SCHEDULE I

KEMPEN & CO. U.S.A., INC.

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF
THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2006

Computation of net capital	
Total stockholder's equity	\$ 3,947,785
Deductions and/or charges	
Non-allowable assets	
Due from parent	(2,233,528)
Fixed assets	(33,703)
Other assets	(93,459)
<hr/>	
Net capital before haircuts on securities positions	1,587,095
Haircuts on securities positions	--
<hr/>	
Net capital	\$ 1,587,095
<hr/>	
Computation of aggregate indebtedness	
Accounts payable, accrued expenses and other liabilities includable in aggregate indebtedness	\$ 1,071,916
<hr/>	
Aggregate indebtedness	\$ 1,071,916
<hr/>	
Computation of basic net capital requirement	
Minimum net capital required (6 2/3% of aggregate indebtedness)	\$ 71,461
Minimum dollar requirement	100,000
<hr/>	
Net capital requirement (greater of minimum net capital or dollar requirement)	100,000
<hr/>	
Excess net capital	\$ 1,487,095
<hr/>	
Excess net capital at 1000 percent	\$ 1,479,903
<hr/>	
Ratio: aggregate indebtedness to net capital	.675 to 1
<hr/>	
Reconciliation with Company's computation (included in Part II of Form X-17A-5 as of December 31, 2006)	
Net, capital, as reported in Company's Part II (unaudited) Focus report.	\$ 1,595,387
Increases (decreases) resulting from December 31, 2006 audit adjustments, net	(8,292)
<hr/>	
Net capital, as included in this report	\$ 1,587,095
<hr/>	

See notes to financial statements.

SCHEDULE II

KEMPEN & CO. U.S.A., INC.

**STATEMENT REGARDING SEC RULE 15c3-3
DECEMBER 31, 2006**

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission under paragraph (k)(2)(ii) of that Rule.



FRIEDMAN LLP
ACCOUNTANTS AND ADVISORS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
REQUIRED BY RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION**

To the Stockholder
Kempen & Co. U.S.A., Inc.

In planning and performing our audit of the financial statements of Kempen & Co. U.S.A., Inc. (the "Company"), as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5 (g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company 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 (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer 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 and recordation of differences required by rule 17a-13.
2. 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 an internal control structure 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 procedures are to provide management with reasonable but not absolute assurance 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 internal control 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and 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 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, as described in the second paragraph of this report, were adequate at December 31, 2006, to meet the SEC's objectives.

This report is intended solely for the information and use of the management, the SEC, the National Association of Securities Dealers, Inc. 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.

Friedman LLP

Certified Public Accountants

East Hanover, New Jersey
February 20, 2007

END